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CRC 1979 Consumer Financial Survey

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CRC 1979 CONSUMER FINANCIAL SURVEY

William C. Dunkelberg, et al*

Abstract

This volume reports the basic findings from a 1979 study of consumer credit in four states: Wisconsin, Illinois, Arkansas, and Louisiana. These states were selected for study because of substantial differences in the laws pertaining to creditors' remedy restrictions and interest rate ceilings that prevailed in each state. A total of 3,572 consumers were interviewed to collect basic data on credit use, attitudes toward consumer credit, familiarity with credit laws, and consumers' perceptions of the laws that applied in their respective states. Substantial information about the socio-economic characteristics of the consumers was simultaneously collected for analytical purposes. The topics covered include: use of consumer and mortgage credit and credit cards, purchases of housing, durable goods, home additions and repairs and other large items, and how these purchases were financed, consumers' awareness of selected consumer credit laws and regulations, consumers' search for credit and credit terms, perceptions of unfair practices and income, assets, and demographic characteristics of the consumers in the study.

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CRC 1979 CONSUMER FINANCIAL SURVEY

William C. Dunkelberg, et al

I. INTRODUCTION

The purpose of this volume is to summarize data collected from households in four local markets in Wisconsin, Illinois, Arkansas and Louisiana in 1979. This survey was part of a study designed to ascertain the effects of credit regulations on consumer credit use. The survey closely resembled that used in the 1977 Consumer Credit Survey conducted by the Survey Research Center at the University of Michigan for the Federal Reserve System and other regulatory agencies.[1] A copy of the questionnaire can be found in Appendix A. Questions regarding the demographic and financial characteristics of households as well as attitudes towards credit, financial institutions, and credit regulations were included in the survey.

A. Study Design

The objective of this survey and a complementary survey of creditors was to obtain data concerning financial activity in markets subject to different credit regulations.[2] Of particular concern to the investigation was the impact of interest rate ceilings and restrictions on creditors' remedies. Because of the pervasiveness of these two types of consumer protective regulation, it is important to ascertain both the quantitative and qualitative effects of such regulations on credit markets. The surveys of consumers and creditors in four differently regulated markets provide the data needed to undertake this task.

Because it is difficult to conduct experiments in social science research, survey designs provide an important technique for simulating experimental conditions. Ideally, to study the specific effects of regulation on consumer financial behavior, a homogeneous group of consumers would be selected, divided into subgroups, and each subgroup then subjected to the same environmental conditions except for credit regulations. An unregulated control group would be used for comparison of resulting behavior. Since this type of experiment is not viable, a sample survey was administered to residents of cities in four states chosen with similar socio-economic environments but different regulatory environments. The design is summarized in the grid below:

	Creditors Remedies	
Interest Rate Ceilings	Restricted	Less Restricted
Low	I	II
High	IV	III

The local markets selected for the survey had to meet a number of requirements. First, they had to be located in states with regulatory environments characterized by the grid shown above. Second, the cities had to encompass well defined market areas. Since consumer credit shopping is ordinarily confined to local markets, it was important that each survey area be relatively self contained. Third, each had to contain a labor force with a relatively high proportion of workers employed in construction, manufacturing, and the retail trades, so that each locality would include a high proportion of people who might be dependent on fluctuating sources of income. Finally, it was deemed desirable to include in the survey adjacent localities that had many similar socio-economic characteristics.

The local markets selected for study were Racine/Kenosha, Wisconsin; Waukegan/North Chicago, Illinois; Lake Charles, Louisiana; and Little Rock/North Little Rock, Arkansas. These cities met all of the study's major requirements.

There was a major deviation in the proportion of workers employed in cyclical industries (the manufacturing, trades, and construction industries). The Arkansas market showed somewhat less than the proportion employed in such occupations in the other markets--particularly the Northern markets. However, mitigating factors--principally the fact that Little Rock was the only city in central Arkansas and, as such, would be expected to be the site for consumer finance companies if any operated in the state, overcame this limitation. A second deviation lay in the fact that average incomes generally were higher in the Northern than in the Southern cities. However, this could be explained by North-South "cost-of-living" differences. It need not invalidate North-South comparisons so long as such differences are taken into account when appropriate. In spite of the income differences, the educational status of residents in both the Northern and Southern cities was quite similar. An extensive set of economic and social characteristics applicable to each market was compiled before the cities were selected. Those data are presented in Table I-1.

Within this framework, the impact of individual regulations (either rate ceilings or remedy restrictions) as well as the combined effect can be measured by comparing the appropriate subsamples. For example, to determine the effect of restrictions on creditors' remedies alone, data for consumers in markets I and IV can be pooled and compared with pooled data from markets II and III. Similarly, to examine the impact

TABLE I-1

SOCIO-ECONOMIC DATA ON SURVEY CITIES

Market Characteristic	Illinois		Wisconsin	
	North Chicago	Waukegan	Racine	Kenosha
Population (000)	47	65	95	79
Population per sq. mi. (000)	8.01	4.05	7.26	5.75
Pop. change 1960-1970 (%)	106.1	17.1	6.8	16.1
White population	39	56	85	77
Black population	8	8	10	2
Change in black '60-'70 (%)	71.2	86.3	+114	105.0
Median age	20.0	27.6	27.2	27.3
One person H.H. (000)	.7	3.7	5.6	4.2
Age 25 or over (000)	13	35	50	42
Median schooling	12.1	12.2	11.9	11.9
H.S. Grad (%)	53.7	56.7	49.5	49.1
Labor force (000)	32	30	39	32
Civilian labor force (000)	6	29	39	32
Female labor force (000)	3	12	15	12
Married female labor force (%)	64.5	57.4	54.9	57.2
Unemployed (%)	4.3	3.3	5.1	4.7
Employed (000)	6	28	38	30
Employed in mfg. (%)	35.7	35.9	48.4	43.8
Employed in trade (%)	14.8	17.4	17.9	19.6
Employed in services (%)	6.8	6.5	5.3	4.0
Employed in education (%)	5.4	5.9	7.0	8.2
Employed in construction (%)	2.6	4.6	2.2	3.4
Employed in gov't. (%)	28.2	18.4	11.2	12.4
White collar employment				
Professional or managerial (%)	14.8	21.9	19.8	19.5
Sales employment (%)	24.1	27.9	24.4	22.1
Craftsmen & foremen (%)	12.3	13.1	14.0	14.8
Income under $3,000 %	5.5	5.5	6.3	6.3
3 to 5 K %	8.7	6.9	7.8	7.7
5 to 7 K %	19.7	9.0	9.5	9.8
15 to 25 K %	13.1	23.3	17.3	15.6
25 K or more %	2.1	4.7	3.1	2.3
Median (family) income	8,898	11,473	10,522	10,191
Median for whites	8,776	11,796	10,730	10,244
Median for blacks	10,019	8,448	7,684	7,313
Per capita income	2,432	3,656	3,193	3,039
% below poverty level	6.8	6.0	6.6	6.1
Avg. persons per household	3.6	3.1	3.2	3.3
Owner occupied housing (%)	37.3	57.8	63.8	66.2

TABLE I-1 (continued)

Market **Characteristic**	**Illinois** **North Chicago**	 **Waukegan**	**Wisconsin** **Racine**	 **Kenosha**
Manufacturers (#)	28	76	244	106
% **with** 20+ employees	53.6	48.7	40.6	37.7
Retail trade outlets (#)	117	589	868	721
% with payroll	72.6	81.0	76.2	73.2
Retail sales (million $)	12.16	166.45	166	121
Change '63-'67	38.3	29.5	23.5	13.4
Food (% of retail sales)	15.2	19.6	28.5	25.0
Auto (% of retail sales)	D	16.1	15.8	12.3
General mdse. (% retail sales)	D	21.4	15.3	17.3
Wholesale outlets (#)	9	90	131	78
Sales (million $)	3.16	101.57	102	45
# of banks	1	5	7	5
# extra branches	0	0	2	0

D - withheld to avoid disclosure

TABLE I-1 (continued)

SOCIO-ECONOMIC DATA ON SURVEY CITIES

Market Characteristic	Arkansas		Louisiana
	Little Rock	N. Little Rock	Lake Charles
Population (000)	132	60	78
Population per sq. mi. (000)	2.51	2.33	3.391
Pop. change 1960-1970 (%)	22.9	3.5	23.0
White population	99	50	54
Black population	33	10	25
Change in black '60-'70 (%)	31	-27.3	77.1
Median age	30.3	30.3	24.3
One person H.H. (000)	9.7	3.3	3.7
Age 25 or over (000)	75	34	38.1
Median schooling	12.4	12.1	12.0
H.S. Grad (%)	64.1	54.2	50.5
Labor force (000)	57	25	28
Civilian labor force (000)	57	24	28
Female labor force (000)	25	10	10
Married female labor force (%)	53.5	64.2	56.0
Unemployed (%)	3.3	3.1	6.2
Employed (000)	55	24	26
Employed in mfg. (%)	16.4	17.4	15.2
Employed in trade (%)	21.5	22.9	23.9
Employed in services (%)	9.4	8.9	10.6
Employed in education (%)	7.6	5.6	10.1
Employed in construction (%)	5.3	6.3	9.3
Employed in gov't. (%)	20.8	17.4	15.8
White collar employment			
Professional or managerial (%)	29.6	23.7	25.0
Sales employment (%)	29.7	29.3	24.6
Craftsmen & foremen (%)	9.9	14.4	14.8
Income under $3,000 %	12.2	13.0	14.8
3 to 5 K %	12.4	12.4	12.3
5 to 7 K %	13.4	12.8	14.1
15 to 25 K %	13.8	11.6	12.3
25 K or more %	5.0	2.5	3.1
Median (family) income	8,785	8,467	8,297
Median for whites	10,075	9,190	9,883
Median for blacks	4,835	3,510	4,634
Per capita income	3,165	2,764	2,600
% below poverty level	13.5	14.7	17.5
Avg. persons per household	2.9	3.0	3.4
Owner occupied housing (%)	60.3	62.7	64.5

TABLE I-1 (continued)

Market Characteristic	Arkansas		Louisiana
	Little Rock	N. Little Rock	Lake Charles
Manufacturers (#)	220	67	45
% with 20+ employees	41.4	29.9	28.9
Retail trade outlets (#)	1,515	658	716
% with payroll	71.9	63.5	70.5
Retail sales (million $)	318	100	136
Change '63-'67	36.3	19.6	35.3
Food (% of retail sales)	18.0	22.8	22.5
Auto (% of retail sales)	22.8	33.5	19.6
General mdse. (% retail sales)	17.1	3.1	19.6
Wholesale outlets (#)	427	112	126
Sales (million $)	543	119	112
# of banks	7	2	5
# extra branches	27	7	9

Sources:

County and City Data Book 1972, 317.3 St29 sco 1972 set 5
Operating BAnking Offices - January 1, 1973 FDIC 332 F317o 1973

of low rate ceilings, data from markets I and II can be pooled and compared with combined data from markets III and IV. To determine the joint effects of the low rate ceilings and restrictive remedies, data from markets I and III can be compared.

The state of Arkansas was of particular interest in this study because it had a ten percent usury ceiling which applied to all forms of credit. Arkansas was considered to have the most restrictive interest rate ceilings in the nation, but was also characterized by fairly lenient creditors' remedies legislation. Thus, this state provided a good example of a credit market with low interest rate ceilings and less restricted remedies, market II.

Louisiana was unique in terms of creditors' remedy restrictions because it was the only state which did not accept the uniform commercial code. Further, it did not allow self-help repossession and prohibited garnishment and confession of judgment for small loans as well as requiring a notarized list of security for loans. In contrast, interest rate ceilings were quite unrestrictive. Louisiana provided a market with highly restricted creditors' remedies and high interest rate ceilings. This is the specification of market IV.

The Wisconsin Consumer Act severely limited the use of creditors' remedies in that state. Simultaneously, interest rate ceilings were fairly restrictive. Wisconsin provided a sample market combining the two types of restrictions under study as in market I. Illinois provided the control for the experimental design, market III, since it was considered to be characterized by strong creditors' remedies and less restrictive interest rate ceilings.

The credit reguations that applied in these four markets are shown in detail in Appendix B. The regulations were complex, and the choice of markets was based on an overall assessment of the restrictions on creditor remedies and the various rate ceilings applicable to the many types of consumer loans and lenders.

Interest Rate Ceilings	Creditors' Remedies	
	Restricted	Unrestricted
Low	I Kenosha/Racine, Wisconsin	II Little Rock/North Little Rock, Arkansas
High	IV Lake Charles, Louisiana	III Waukegan/North Chicago, Illinois

In total, 3,572 responses were obtained: 1,006 from Wisconsin, 1,030 from Illinois; 787 from Arkansas, and 749 from Louisiana. Details on response rates and survey procedures used are contained in Appendix C.

B. Some General Implications From the Data

Economic theory suggests that consumer borrowing behavior in restricted financial markets will vary from behavior in the unrestricted or control market.[3] Consumers in restricted markets must maximize their wealth subject to multiple constraints not present in the unrestricted market. Consumers will devote resources to adjusting to or evading these constraints to regain any losses resulting from restrictions. Although consumers will make these adjustments in the least costly fashion, real losses will still occur.[4] Some consumers may be able to obtain the same amount of credit as they would have in the unrestricted setting, but the cost of borrowing, in terms of contract variations and transactions costs, will be greater. Other consumers may be eliminated from the market completely. There are many ways that consumers can adjust to regulation, including the use of services not generally thought of as related to credit use. For example, consumers can rent or lease items typically purchased on credit. These activities will be documented in this volume along with basic data on credit use in the four states studied.

To better understand the findings presented here, it is useful to consider the structure of the consumer credit markets in each of the four local markets. Consumers in each of the four markets were asked to identify all of their debts by credit source. Both the institution originating loans and the institution holding loans were identified by respondents.[5] The list of lenders included banks, credit unions, employers, people at work, friends, relatives, and all other sources. From this information it was possible to calculate percentages of total debt originated and held by each type of financial institution, and shares of total direct debt (debt held by the originating institution) for each institution (Table I-2).[6] Direct lenders, the banks, finance companies, and credit unions, originated 67 percent of the dollar volume of loans in Illinois, 70 percent in Wisconsin, and 63 percent in Louisiana, compared to only 41 percent in Arkansas, the state with a ten percent usury ceiling. Further, direct lenders retained 88 percent of their dollar loan volume in Illinois, 87 percent in Wisconsin, and 82 percent in Louisiana, compared to 77 percent in Arkansas. Thus, direct lenders in Arkansas originated a much smaller proportion of debt and retained less of what they did originate.

In restricted markets such as Arkansas, where low rate ceilings were imposed, indirect lending (contractual arrangements in which the holder of the debt was not the originator of the debt) was more prevalent. These data were consistent with the hypothesis that in highly regulated states, alternatives to direct lending would be more prevalent, and would more frequently serve as sources of credit. Indirect lending provided borrowers and lenders the opportunity to adjust to the credit regulations in ways not subject to regulation. Further, alternative sources of credit such as friends, relatives, and pawnshops originated a larger loan volume in Arkansas and Wisconsin than in Illinois or Louisiana.

Another illustration of the impact on indirect lending is shown in Table I-3 which provides ratios of debt held to debt originated by lending source in each of the four markets. In,Arkansas, banks held 36 percent more debt than they originated, while the average for all other markets was 28 percent. Dealers in Arkansas retained less of their loan volume than any other market: 34 percent of what lenders originated compared with an average of 40 percent in each of the other markets. Of particular interest is the large proportion of loan volume held by finance companies in Arkansas, relative to dollar volume sourced.[7] Arkansas finance companies held in their portfolios nine times the dollar volume of loans originated, while finance companies in other markets held twice the dollar volume sourced, on average. However, finance companies in Arkansas consist almost entirely of automobile finance companies. Since such companies make few direct loans due to the rate ceiling restrictions, the ratio of debt held to debt sourced should be very large.

TABLE I-2

MARKET SHARES

	Wisconsin			Illinois		
	Sourced[2]	Held[3]	Direct[4]	Sourced	Held	Direct
Banks	41%	52%	50%	39%	49%	51%
Dealers; retailers	23	9	10	30	11	13
Finance companies	8	12	9	6	16	8
Credit unions	21	23	27	22	23	28
Employers	*	*	*	*	*	*
Other[1]	7	4	4	3	1	*
	100%	100%	100%	100%	100%	100%

	Arkansas			Louisiana		
	Sourced	Held	Direct	Sourced	Held	Direct
Banks	27%	37%	45%	38%	46%	48%
Dealers; retailers	49	16	26	34	16	19
Finance companies	3	29	4	9	19	11
Credit unions	11	11	18	16	17	19
Employers	1	*	*	*	*	*
Other1/	9	7	7	3	2	2
	100%	100%	100%	100%	100%	100%

---

[1] "Other" lenders includes friends, relatives, pawnshops, etc.

[2] The borrower reported signing the documents for the loan agreement.

[3] The borrower reported making payments to this institution.

[4] The borrower makes payments to and signed loan documents at this institution.

*Less than .5 percent.

TABLE I-3

RATIO OF DEBT HELD TO DEBT ORIGINATED BY SOURCE IN EACH MARKET

	WI	IL	AR	LA
Banks	1.31	1.29	1.36	1.24
Dealers, retailers	.38	.36	.34	.47
Finance companies	1.47	2.77	9.54	2.07
Credit unions	1.06	1.11	1.01	1.07
Other	.60	.18	.73	.66

The large market share of indirect lenders in the highly regulated markets, particularly in Arkansas, suggests that lenders and borrowers adjusted to regulations intended to limit the supply and price of credit. To the extent that this evasive activity is successful, the predictions from economic theory regarding the impact of rate ceilings on credit availability will be more difficult to verify. For example, the theory indicates that with no evasion or adjustment, the more restrictive the regulations, the lower will be the proportion of consumer population having debt. However, if there were relatively costless ways to evade the ceiling, roughly equal proportions of the population could have debt. Although the proportions were not equal for the four markets (Table I-4), the highly regulated markets, Wisconsin and Arkansas report the highest proportions of consumers with debt held.

Consumers may adjust to rate ceilings by obtaining credit through alternative sources rather than from direct lenders. Thus, direct consumer loans would be less prevalent in highly regulated areas than indirect debt. The proportion of consumers who had direct debt did not vary significantly among markets and surprisingly Wisconsin had the largest proportion of consumers with direct debt (Table I-4).

However, these figures did not reflect the total amounts of debt owed and credit availability among consumers of different risk in each market. The readjustment of borrowers and lenders to regulations limiting the supply of credit is shown in Table I-5. A test of the mean debt in dollars among the four markets rejected the null hypothesis that the means are the same at the ten percent level of significance.

TABLE I-4

PROPORTION OF CONSUMERS HAVING:

	Debt by Market[1]	Direct Debt by Market[1]
Illinois	38%	33%
Wisconsin	46	39
Arkansas	43	33
Louisiana	38	34

[1] Those having debt (or direct debt) included respondents who stated that they had debt outstanding, but did not supply a dollar value for it.

TABLE I-5

ANALYSIS OF VARIANCE: AVERAGE DEBT PER BORROWER BY MARKET[1]

	N	Mean	(Std. Deviation)	F Ratio	F Probability
Wisconsin	339	$3003	($3063)		
Illinois	296	3381	(3220)	2.94	.03
Arkansas	278	3019	(2644)		
Louisiana	236	3685	(3512)		
All	1149	3244			

TABLE I-6

ANALYSIS OF VARIANCE: AVERAGE DIRECT DEBT PER BORROWER BY MARKET[1]

	N	Mean	(Std. Deviation)	F Ratio	F Probability
Wisconsin	282	$2837	($2979)		
Illinois	250	3160	(3106)	4.19	.01
Arkansas	200	2529	(2419)		
Louisiana	196	2552	(3653)		
All	928	3009			

---

[1] The number of observations in each market is based upon consumers who had debt outstanding when surveyed and who supplied dollar values for debt.

Further, the statistical test to distinguish which means differ among various combinations of the four states grouped the mean debts for Wisconsin, Illinois, and Arkansas together as not significantly different from each other, but significantly different (lower) from Louisiana at the ten percent level of significance. This result suggests that Louisiana, with highest average debt per borrower and the most lenient rate ceilings, might be used as the control market when studying the impact of rate ceilings.

A test of the variation in mean direct debt among the four markets rejected the null hypothesis that the means are the same at the ten percent level (Table I-6). The test grouped mean direct debt for Illinois and Louisiana together as significantly different from mean direct debt for Arkansas or Wisconsin at the ten percent level. Average direct debt in Illinois and Louisiana was significantly higher than mean direct debt in Wisconsin or Arkansas. Although the proportion of consumers holding debt did not vary significantly among markets, the dollar value of debt was significantly lower in the states where credit regulations were strictest. The limitations on the use of remedies by creditors and low interest rate ceilings in Wisconsin and Arkansas effectively limited credit availability to borrowers. The high average debt in Louisiana supported the notion that when interest rates are permitted to vary, credit will be extended more readily to borrowers. The test did not, however, separate average direct debt in Illinois, Wisconsin, and Arkansas. Apparently, the high interest rate ceiling in Louisiana compensated for restrictive remedy regulations in determining the amount of funds supplied by lenders.

Data in Table I-7 support the hypothesis that the interest rate effect does in fact dominate the remedy restriction effect in determining the supply of credit. The two-way analysis of variance indicates that the interaction between the two types of regulation imposed on creditors was not significant in determining amounts of credit supplied and that each main effect, rate ceiling or remedy restriction, can be considered independently. The explained variation in debt among markets is primarily attributable to the interest rate ceilings since the effect of remedy restrictions is insignificant.

Similar conclusions can be drawn regarding direct debt from the two-way analysis of variance in Table I-8. Although the regulations did not alter the proportion of consumers who had debt in each market, the regulations did affect the dollar value of credit supplied in each market in a predictable way.

To test the hypothesis that the average quality of the debtor in terms of risk should be higher in the more restricted markets, each respondent was assigned a point score based upon demographic and financial characteristics. Then a test of the variation in mean credit scores of debtors among markets was performed. The null hypothesis that the mean scores in the markets do not differ could not be rejected at the ten percent level of significance (Table I-9). This suggests that the average quality of borrowers among markets did not differ.

An important consideration for credit policy is the distributional effects of credit regulation. To assess these, extensive data on consumers such as those generated by this study are needed. The following chapters present the basic findings from the consumer survey by state and for the total sample. These simple bivariate results are suggestive

TABLE I-7

TWO-WAY ANALYSIS OF VARIANCE: AVERAGE DEBT PER BORROWER

Source of Variation of Debt	F Ratio	F Probability
Main effects (factors a and b)[1]	4.09	.02
Rate ceilings (factor a) (Wisconsin, Arkansas)	7.96	.01
Remedy restrictions, (factor b) (Wisconsin, Louisiana)	.60	.44
Two-way interactions (factor ab) Rate ceilings-remedy restrictions	.75	.39
Variation explained by model	2.94	.03

---

[1] After accounting for cross-effects; assumes additive effects of rate ceilings and remedy restrictions supported by the F-test of interaction effects.

TABLE I-8

TWO-WAY ANALYSIS OF VARIANCE:

AVERAGE DIRECT DEBT PER BORROWER

Source of Variation in Direct Debt	F Ratio	F Probability
Main effects (factors a and b)[1]	6.26	.00
Rate ceilings, (factor a) Wisconsin, Arkansas)	10.95	.00
Remedy restrictions, (factor b) (Wisconsin, Louisiana)	2.96	.09
Two-way interactions (factor ab) rate ceilings-remedy restrictions	.04	.84
Variation explained by the model	4.19	.01

---

[1] After accounting for cross-effects; assumes additive effects of rate ceilings and remedy restrictions supported by the F-test of interaction effect.

TABLE I-9

ANALYSIS OF VARIANCE: AVERAGE CREDIT SCORE PER BORROWER BY MARKET

	N	Mean (Standard Deviation)	F Ratio	F Probability
Wisconsin	446	196 (25)	.87	.46
Illinois	392	197 (29)		
Arkansas	339	193 (27)		
Louisiana	285	196 (29)		

of the answers to some of the issues raised here, but more complex multivariate analyses will be required to critically deal with the issues of credit regulation. The findings from these studies will be presented in subsequent monographs and working papers from the Credit Research Center.

FOOTNOTES - I

[1] See Durkin and Elliehausen.

[2] See Peterson and Hancock, Peterson and Schallheim, Sullivan and Dennis, Sullivan and Linn, Sullivan and Drecnik, and Johnson.

[3] For a full development of a theory of the effects of interest rate ceilings on the supply of credit, see Dunkelberg and DeMagistris.

[4] See Cheung for a general theoretical framework that predicts which adjustments will take place.

[5] The institution originating the loan was identified by the respondents as the institution where the credit contract was signed. The institution holding the loan was identified by the respondent as the institution to which payments on the loans were made.

[6] Total debt (direct debt) figures were obtained by summing debt (direct debt) across consumers for each institution. Shares were then obtained by dividing debt (direct debt) from each source by total debt (direct debt) and multiplying by 100.

[7] While there were no consumer finance companies in Arkansas, there were automobile finance companies in the state.

II. CONSUMER CREDIT

A. Total Instalment Credit

Instalment credit is defined as short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid in two or more instalments.

The major components of consumer instalment credit are discussed in other chapters of this volume. The principle components of total instalment credit are housing additions and repairs, new and used automobile credit, durable goods credit, personal loans, revolving credit and other non-business loans. Single-payment loans are excluded, since they are not repaid in instalments. Mortgage credit is excluded because it is different from the other forms of instalment debt. The obvious differences are the purpose of mortgage loans and the maturity of the loans. While most forms of instalment credit have maturities of four years or less, mortgage loans are usually for 15 or more years. This chapter reviews the distribution of total instalment credit. Credit card debt was historically excluded because it was a very small part of total instalment debt.[1] To maintain consistency with earlier work, credit card debt is excluded here. The impact of including it is examined at the end of this section.[2]

The use of instalment credit in each of the four local markets was fairly uniform (Table II-1). More consumers had instalment debt in Arkansas (43 percent) and Wisconsin (46 percent) than in Illinois and Louisiana (38 percent). The mean debt for respondents with debt in

TABLE II-1

RESPONDENTS' USE OF INSTALMENT DEBT

Amount Outstanding[1] ($)	WI	IL	AR	LA	All
Zero	54%	62%	57%	62%	58%
1-199	2	1	2	1	2
200-499	4	3	4	3	3
500-999	5	3	4	3	4
1,000-1,999	7	5	5	6	6
2,000-2,999	4	4	5	4	4
3,000-3,999	4	4	4	3	4
4,000-4,999	2	3	4	3	3
5,000 or more	7	6	7	8	7
Not ascertained[2]	11	9	8	7	9
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572
Mean debt for respondents with debt	$3003	$3381	$3019	$3685	$3244

---

[1] Total outstanding instalment debt for each family was computed by summing the instalment debt outstanding for each type of purchase the household made on credit in 1977-78. These purchases included home improvement, durables, autos, recreation and hobby items, and other debt for services such as education and health care. Credit card purchases, mortgage debt, and business debt were excluded.

[2] "Not Ascertained" was assigned if any of the components of the instalment debt computation were missing values.

the rate restricted states of Wisconsin and Arkansas was about $3,000, several hundred dollars less than for both Illinois and Louisiana respondents. Thus, where rates are higher, fewer consumers used credit, but the amount of credit used was greater.

Instalment credit is primarily used by individuals in the middle and upper income brackets (Table II-2). About 65 percent of all families with instalment credit had incomes of over $15,000. In Arkansas, Illinois and Louisiana, about 60 percent of the families with instalment credit have incomes of over $15,000. This percentage increases to about 80 percent for Wisconsin families. With this single exception, the distribution of income among individuals with and without instalment debt in each state is fairly uniform. While only about 40 percent of the families in the sample had instalment credit outstanding, almost half of the families with incomes of $7,500 or more were credit users.

A detailed analysis of the characteristics of families who used instalment debt is presented in Tables II-3 to II-7. Clearly, younger people were the primary users of instalment credit, regardless of the state in which they lived. Also, outstanding debt generally increases with family income. This is true regardless of state, but particularly noticeable in Arkansas.

Other characteristics of credit users indicate that non-white and white consumers were equally likely to use credit as homeowners and nonhomeowners. Also, families with credit cards were more likely to use instalment credit than families without credit cards.

To acquire assets, especially durable goods, families often use instalment credit. Therefore, one would expect to find a relatively high amount of debt used by families with younger heads; especially

TABLE II-2

DISTIRBUTION OF INCOME AMONG FAMILIES WITH AND WITHOUT INSTALMENT DEBT

Family Income	WI		IL		AR		LA		All	
	Without	With	Without	With	Without	With	Without	With	Without	With
Less than $7,500	19%	5%	18%	5%	23%	11%	25%	8%	21%	7%
$7,500-14,999	22	14	26	23	27	25	21	22	24	21
$15,000-24,999	26	41	20	29	17	36	16	39	20	36
$25,000 or more	22	38	16	30	16	24	10	24	16	30
Not ascertained	11	2	20	13	17	4	28	7	19	6
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE II-3

AMOUNT OF INSTALMENT DEBT OUTSTANDING AMONG FAMILIES

	Wisconsin									
	Amount of Debt ($)									
Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Age of Family Head										
Under 25	49%	2%	12%	10%	6%	6%	5%	*	5%	11%
25-34	29	2	5	7	9	5	5	4	9	15
35-44	46	2	3	3	10	4	3	3	11	15
45-54	57	2	1	3	6	5	6	2	8	10
55-64	71	1	2	6	2	2	2	3	3	8
65-74	90	2	1	1	2	1	*	*	1	2
75 or older	95	3	*	*	2	*	*	*	*	*
Family Income										
Less than $7,500	86	3	3	4	1	*	*	*	*	3
$7,500-14,999	65	3	4	4	6	3	2	1	2	10
$15,000-24,999	43	3	6	8	10	6	6	3	5	10
More than $25,000	43	1	2	4	8	4	4	4	17	13
Race										
White	54	2	4	5	7	4	4	2	5	11
Non-white	52	3	5	3	5	3	3	2	12	12
Selected Groups										
Homeowner	55	2	3	4	6	4	4	3	8	11
Not homeowner	54	3	7	6	7	6	2	2	3	10
With credit cards	49	2	3	6	8	5	4	3	8	12
Without credit cards	72	1	5	2	4	2	2	1	4	7
All Wisconsin families	54%	2%	4%	5%	7%	4%	4%	2%	7%	11%
All sample families	58%	2%	3%	4%	6%	4%	4%	3%	7%	9%

*Less than .5 percent.

TABLE II-3 (continued)

Wisconsin

Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
	Amount of Debt ($)									
Life Cycle Stage										
Under 45 years										
Unmarried, no children	54%	3%	6%	3%	5%	5%	1%	1%	8%	14%
Married										
No children	32	*	7	8	13	6	9	2	8	15
Youngest child under 6 years	40	2	7	7	9	5	3	3	9	15
6 yrs. & older	31	1	2	6	11	7	8	3	17	14
45 years and over										
Married										
Children	54	1	*	8	7	4	5	4	8	5
No children										
Head in labor force	63	2	3	5	5	2	3	2	5	10
Head retired	92	3	1	*	*	*	*	*	1	3
Unmarried, no children										
Head in labor force	95	*	*	*	*	8	3	*	*	5
Head retired	96	2	*	*	2	*	*	*	*	*
Any age, unmarried, children	69	8	1	3	3	*	3	1	3	9

*Less than .5 percent.

TABLE II-4

AMOUNT OF INSTALMENT DEBT OUTSTANDING AMONG FAMILIES

Illinois

	Amount of Debt ($)									
Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Age of Family Head										
Under 25	50%	2%	5%	5%	9%	5%	5%	2%	8%	9%
25-39	52	*	5	4	4	4	4	5	9	13
35-44	49	2	3	5	6	7	5	2	10	11
45-54	51	1	2	2	9	6	5	5	8	11
55-64	71	1	2	1	6	2	4	2	2	9
65-74	89	*	*	2	1	2	2	*	1	3
75 and older	98	*	*	*	*	*	*	*	*	2
Family Income										
Less than $7,500	81	1	3	1	3	1	1	2	*	7
$7,500-14,999	67	*	4	6	4	3	5	2	3	6
$15,000-24,999	52	1	2	5	7	4	5	3	8	13
More than $25,000	48	1	2	2	7	10	2	5	13	10
Race										
White	62	1	3	3	4	5	4	3	6	9
Non-white	59	2	1	4	10	3	3	1	6	11
Selected Groups										
Homeowner	57	1	2	4	6	5	4	3	7	11
Not homeowner	69	2	4	3	4	2	3	2	4	7
With credit cards	55	1	3	4	5	5	4	4	8	11
Without credit cards	74	1	2	3	5	3	2	1	3	6
All Illinois families	62%	1%	3%	3%	5%	4%	4%	3%	6%	9%
All sample families	58%	2%	3%	4%	6%	4%	4%	3%	7%	9%

*Less than .5 percent.

TABLE II-4 (continued)

Illinois

Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Life Cycle Stage										
Under 45 years										
Unmarried, no children	68%	2%	2%	4%	4%	3%	4%	4%	4%	5%
Married										
No children	43	*	7	4	8	5	3	5	14	11
Youngest child under 6 years	42	1	2	8	5	8	7	1	10	16
6 yrs. & older	37	5	3	2	8	6	3	3	11	22
45 years and over										
Married										
Children	50	*	3	3	4	8	7	5	6	14
No children										
Head in labor force	62	1	1	1	10	2	4	4	5	10
Head retired	86	*	*	3	4	*	*	*	3	4
Unmarried, no children										
Head in labor force	84	*	*	2	*	*	4	2	2	5
Head retired	98	*	*	*	*	1	*	*	*	1
Any age, unmarried, children	62	2	6	4	7	4	3	3	5	4
Not Ascertained	84	*	*	*	*	16	*	*	*	*

*Less than .5 percent.

TABLE II-5

AMOUNT OF INSTALMENT DEBT OUTSTANDING AMONG FAMILIES

Arkansas

Group	Amount of Debt ($)									
	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Age of Family Head										
Under 25	51%	*	5%	5%	5%	6%	6%	4%	8%	10%
25-34	37	4	8	2	8	8	8	8	11	6
35-44	46	6	4	7	3	4	3	9	8	10
45-54	51	3	4	7	5	4	4	3	8	11
55-64	67	1	4	1	8	5	3	2	3	6
65-74	89	1	*	2	*	*	1	*	*	7
75 and older	98	*	*	*	*	*	*	*	*	2
Family Income										
Less than $7,500	75	5	3	2	3	2	1	3	2	4
$7,500-14,999	57	3	7	5	6	6	6	2	2	6
$15,000-24,999	43	4	6	4	7	5	6	8	13	4
More than $25,000	44	*	1	5	5	7	4	8	12	14
Race										
White	55	2	5	3	5	5	5	5	7	8
Non-white	64	6	3	5	6	1	2	*	4	9
Selected Group										
Homeowner	57	2	4	3	5	5	4	4	7	9
Not homeowner	57	4	5	4	5	3	5	5	7	5
With credit cards	51	1	4	4	5	6	5	5	9	10
Without credit cards	68	5	4	4	4	3	3	3	3	3
All Arkansas families	57%	2%	4%	4%	5%	5%	4%	4%	7%	8%
All sample families	58%	2%	3%	4%	6%	4%	4%	3%	7%	9%

*Less than .5 percent.

TABLE II-5 (continued)

Arkansas

		Amount of Debt ($)								
Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Life Cycle Stage										
Under 45 years										
Unmarried, no children	52%	2%	2%	3%	7%	5%	1%	12%	8%	8%
Married										
No children	38	1	7	4	5	5	9	7	16	8
Youngest child										
Under 6 years	36	3	9	5	6	8	9	4	11	9
6 yrs. & older	32	*	4	4	6	10	6	16	10	12
45 years and over										
Married										
Children	40	*	3	8	8	4	4	5	9	19
No children										
Head in labor force	68	2	4	4	6	5	3	*	5	3
Head retired	80	3	3	*	3	3	*	*	*	8
Unmarried, no children										
Head in labor force	75	*	5	3	5	3	*	3	3	3
Head retired	91	*	*	2	*	*	2	*	*	5
Any age, unmarried, children	62	11	5	2	4	2	5	2	2	5

*Less than .5 percent.

TABLE II-6

AMOUNT OF INSTALMENT DEBT OUTSTANDING AMONG FAMILIES

Louisiana

Group	No Debt	1-199	200-455	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
	Amount of Debt ($)									
Age of Family Head										
Under 25	47%	2%	7%	4%	4%	13%	3%	2%	9%	9%
25-34	43	1	5	6	9	3	3	8	16	6
35-44	44	3	3	3	9	3	7	4	14	10
45-54	55	*	3	4	4	6	5	2	10	11
55-64	73	2	1	2	6	3	3	3	3	4
65-74	91	1	1	*	2	1	1	*	1	2
75 and older	97	*	*	3	*	*	*	*	*	*
Family Income										
Less than $7,500	86	3	3	3	3	1	*	1	*	*
$7,500-14,999	63	*	6	5	5	6	4	1	7	3
$15,000-24,999	41	1	3	5	13	4	6	6	13	8
More than $25,000	37	1	1	3	3	4	6	9	22	14
Race										
White	64	1	2	3	5	4	3	3	8	7
Non-white	61	2	4	3	7	2	4	2	9	6
Selected Groups										
Homeowner	61	1	2	3	5	4	4	4	9	7
Not homeowner	61	3	5	5	7	2	1	2	8	6
With credit cards	53	1	2	4	7	4	5	4	12	8
Without credit cards	76	2	4	2	4	3	1	2	3	3
All Louisiana families	62%	1%	3%	3%	6%	4%	3%	3%	8%	7%
All sample families	58%	2%	3%	4%	6%	4%	4%	3%	7%	9%

*Less than .5 percent.

TABLE II-6 (continued)

	Amount of Debt ($)									
Group	No Debt	1-999	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Life Cycle Stage										
Under 45 years										
Unmarried, no children	88%'	3%	*	3%	3%	3%	*	*	*	*
Married										
No children	45	*	7	5	2	10	3	2	16	10
Youngest child										
Under 6 years	34	1	6	7	10	4	6	7	16	9
6 yrs. & older	39	2	*	*	9	4	4	8	18	16
45 years and over										
Married										
Children	53	*	1	2	8	9	5	3	9	10
No children										
Head in labor force	66	1	1	4	5	2	5	1	6	9
Head retired	91	*	1	1	4	1	1	1	*	*
Unmarried, no children										
Head in labor force	21	*	*	6	3	3	3	3	*	3
Head retired	98	2	*	*	*	*	*	*	*	*
Any age, unmarried, children	59	6	8	4	8	*	*	2	9	4

*Less than .5 percent.

TABLE II-7

AMOUNT OF INSTALMENT DEBT OUTSTANDING AMONG FAMILIES

		Amount of Debt ($)								
Group	No Debt	1-199	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Age of Family Head										
Under 25	47%	2%	7%	6%	7%	7%	5%	2%	7%	10%
25-34	43	2	5	5	7	5	5	6	11	11
35-44	47	3	3	4	7	5	4	4	11	12
45-54	55	1	2	4	6	5	5	3	8	11
55-64	71	1	2	2	5	3	3	3	3	7
65-74	90	1	1	1	1	1	1	*	1	3
75 or older	96	1	*	1	1	*	*	*	*	1
Family Income										
Less than $7,500	81	3	3	2	2	1	1	2	1	4
$7,500-14,999	64	1	5	5	5	4	4	2	3	7
$15,000-24,999	45	2	5	6	9	5	6	4	9	9
More than $25,000	42	1	2	4	6	6	4	6	16	13
Race										
White	59	1	3	4	5	5	4	3	7	9
Non-white	60	3	3	4	8	2	3	1	7	9
Selected Groups										
Homeowner	58	1	3	4	6	4	4	3	8	9
Not homeowner	62	3	5	4	5	3	3	3	5	7
With credit cards	52	1	3	4	6	5	5	4	9	11
Without credit cards	73	2	4	3	4	3	2	1	3	5
All families	58%	2%	3%	4%	6%	4%	4%	3%	7%	9%

*Less than .5 percent.

TABLE II-7 (continued)

Group	Amount of Debt ($)									
	No Debt	1-999	200-499	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000 or more	N.A.
Life Cycle Stage										
Under 45 years										
Unmarried, no children	62%	2%	3%	4%	5%	4%	2%	5%	6%	7%
Married										
No children	41	*	6	5	8	6	6	4	13	11
Youngest child										
Under 6 years	37	2	6	7	8	6	6	4	11	13
6 years & older	33	2	2	3	9	7	6	7	15	16
45 years and over										
Married										
Children	49	1	2	5	7	6	5	5	8	12
No children										
Head in labor force	65	2	2	3	6	3	4	2	5	8
Head retired	89	1	1	1	3	1	*	*	1	3
Unmarried, no children										
Head in labor force	81	*	1	3	2	3	3	2	1	4
Head retired	97	1	*	*	*	*	*	*	*	2
Any age, unmarried, children	65	6	5	3	5	2	3	2	4	5

*Less than .5 percent.

those under 45, whose needs for stocks of durables is relatively large. This can be seen in the cross tabulation of the life cycle with amount of debt owed. The most frequent debt users were those under age 45. Of those under 45 and married, over ten percent of the families owed $5,000 or more. In the over 45 year old group those families who had children or whose heads were still in the labor force were the most frequent users of debt. Again, few discrepencies in these patterns appear across states.

For analysis of debt repayment patterns, Tables II-8 to II-12 present the distribution of the ratio of instalment debt payments to family income by state and total sample. Debt burdens do not appear to be extremely large for most responding families. Only about one percent of the families sampled had debt payment commitments equal to 20 percent of income or more. Most of the debt payment commitments were in the one to ten percent range. Younger family heads tended to have higher commitments. Higher income groups tended to have more commitments. Few dissimilarities appeared across states.

In sum, the use of instalment credit is remarkably homogeneous across the four markets analyzed based on the characteristics analyzed. The only significant difference found was the lower amount of instalment credit outstanding for the average debt user in the rate restricted states, Wisconsin and Arkansas.

Consumers' attitudes toward the use of credit cards has changed dramatically in the last ten years. Seventy-two percent of the respondents to this survey reported that credit cards had at least some "good" aspects. This is higher than the 68 percent reported in 1977 and a dramatic increase from the 50 percent reported in a 1970

TABLE II-8

RATIO OF INSTALMENT DEBT PAYMENTS TO FAMILY INCOME

	Wisconsin							
	Ratio of Monthly Instalment Payments to 1978 Monthly Income							
Group	No Debt[1]	Less than 5%	5-9.9%	10-19.9%	20-39.9%	40% or more	N.A.	Total
Age of Family Head								
Under 25	35%	22%	15%	6%	3%	1%	18%	100%
25-34	28	34	12	5	1	*	20	100
35-44	37	24	17	2	*	*	20	100
45-54	49	22	9	2	2	*	16	100
55-64	55	15	8	2	*	*	20	100
65-74	74	7	1	1	1	*	16	100
75 or older	69	2	3	*	*	*	26	100
Family Income								
Less than $7,500	78	5	5	4	1	2	5	100
$7,500-14,999	56	17	9	3	2	*	13	100
$15,000-24,999	40	32	12	3	1	*	12	100
More than $25,000	39	28	16	3	*	*	14	100
Race								
White	45	23	10	2	1	*	19	100
Non-white	38	15	17	8	2	2	18	100
Selected Groups								
Homeowner	44	23	11	2	1	*	19	100
Not homeowner	42	19	11	5	2	1	20	100
With credit cards	39	25	12	3	1	*	20	100
Without credit cards	55	14	8	3	2	*	18	100
All Wisconsin families	44%	22%	11%	3%	1%	*%	19%	100%
All Wisconsin families	46%	18%	9%	3%	1%	*%	23%	100%

*Less than .5 percent.

[1] "No debt" figures for Tables 8 through 12 vary from those in Tables 3 through 7 because of missing values for income in figuring the ratio of instalment debt payments to monthly income.

TABLE II-9

RATIO OF INSTALMENT DEBT PAYMENTS TO FAMILY INCOME

Illinois

	Ratio of Monthly Instalment Payments to 1978 Monthly Income							
Group	No Debt[1]	Less than 5%	5-9.9%	10-19.9%	20-39.9%	40% or more	N.A.	Total
Age of Family head								
Under 25	42%	16%	14%	6%	2%	2%	19%	100%
25-34	44	19	9	3	1	*	24	100
35-44	41	24	7	2	1	*	25	100
45-54	39	18	9	7	1	*	26	100
55-64	55	11	4	1	*	*	29	100
65-74	62	3	2	1	*	*	32	100
75 or older	75	*	*	*	*	*	25	100
Family Income								
Less than $7,500	83	3	4	1	2	1	6	100
$7,500-14,999	63	15	8	5	1	*	8	100
$15,000-24,999	51	21	9	5	1	*	13	100
More than $25,000	46	29	12	2	1	*	10	100
Race								
White	49	16	6	3	*	*	26	100
Non-white	51	14	8	3	1	*	23	100
Selected Groups								
Homeowner	43	16	7	3	1	*	30	100
Not homeowner	60	12	7	3	1	1	16	100
With credit cards	42	18	8	3	1	*	28	100
Without credit cards	58	10	6	2	1	1	22	100
All Illinois families	49%	15%	7%	3%	1%	*	25%	100%
All Illinois families	46%	18%	9%	3%	1%	*	23%	100%

*Less than .5 percent.

[1] See footnote 1, Table 8.

TABLE II-10

RATIO OF INSTALMENT DEBT PAYMENTS TO FAMILY INCOME

Arkansas

Group	Ratio of Monthly Instalment Payments to 1978 Monthly Income							
	No Debt[1]	Less than 5%	5-9.9%	10-19.9%	20-39.9%	40% or more	N.A.	Total
Age of Family Head								
Under 25	39%	21%	14%	4%	2%	*	20%	100%
25-34	31	32	17	7	1	*	12	100
35-44	37	17	17	12	1	*	16	100
45-54	42	20	9	3	2	*	24	100
55-64	55	13	10	2	*	1	19	100
65-74	68	1	1	2	1	*	27	100
75 or older	57	*	*	*	*	*	43	100
Family Income								
Less than $7,500	70	9	6	6	4	1	4	100
$7,500-14,999	56	21	9	4	1	*	9	100
$15,000-24,999	37	26	20	10	*	*	7	100
More than $25,000	43	24	16	3	*	*	14	100
Race								
White	44	18	13	5	1	*	19	100
Non-white	41	19	5	4	2	*	29	100
Selected Groups								
Homeowner	44	17	11	5	1	*	22	100
Not homeowner	45	22	12	4	1	*	16	100
With credit cards	41	20	13	5	1	*	20	100
Without credit cards	49	15	9	4	2	*	21	100
All Arkansas families	45%	18%	11%	5%	1%	*%	20%	100%
All Arkansas families	46%	18%	9%	3%	1%	*%	23%	100%

*Less than .5 percent

[1] See footnote 1. Table 8.

TABLE II-11

RATIO OF INSTALMENT DEBT PAYMENTS TO FAMILY INCOME

Louisiana

Group	No Debt[1]	Less than 5%	5-9.9%	10-19.9%	20-39.9%	40% or more	N.A.	Total
	Ratio of Monthly Instalment Payments to 1978 Monthly Income							
Age of Family Head								
Under 25	42%	18%	10%	6%	2%	2%	20%	100%
25-34	32	31	8	5	1	1	22	100
35-44	33	22	12	6	3	*	24	100
45-54	43	21	8	1	1	*	26	100
55-64	43	16	6	3	*	*	32	100
65-74	64	3	1	1	*	*	31	100
75 or older	68	*	*	*	*	*	32	100
Family Income								
Less than $7,500	87	4	4	2	2	2	1	100
$7,500-14,999	61	19	9	5	1	*	5	100
$15,000-24,999	42	33	10	6	1	*	8	100
More than $25,000	37	34	13	2	*	*	14	100
Race								
White	46	17	7	3	1	*	26	100
Non-white	39	22	6	3	1	1	30	100
Selected Groups								
Homeowner	43	19	6	3	1	*	28	100
Not homeowner	47	16	9	4	1	1	22	100
With credit cards	39	23	7	4	1	*	26	100
Without credit cards	52	9	8	2	*	1	28	100
All Louisiana families	45%	18%	7%	3%	1%	*%	26%	100%
All Louisiana families	46%	18%	9%	3%	1%	*%	23%	100%

*Less than .5 percent

[1] See footnote 1, Table 8.

TABLE II-12

RATIO OF INSTALMENT DEBT PAYMENTS TO FAMILY INCOME

Group	Ratio of Monthly Instalment Payments to 1978 Monthly Income							
Age of Family Head	No Debt	Less than 5%	5-9.9%	10-19.9%	20-39.9%	40% or more	N.A.	Total
Under 25	41%	19%	13%	5%	2%	1%	19%	100%
25-34	33	29	12	5	1	*	20	100
35-44	38	22	13	5	1	*	21	100
45-54	44	20	9	3	1	*	23	100
55-64	53	13	7	2	*	*	25	100
65-74	66	4	1	1	1	*	27	100
75 or older	67	1	1	*	*	*	31	100
Family Income								
Less than $7,500	80	5	5	3	2	1	4	100
$7,500-14,999	60	18	8	4	1	*	9	100
$15,000-24,999	43	28	12	6	1	*	10	100
More than $25,000	43	28	14	2	*	*	13	100
Race								
White	46	19	9	3	1	*	22	100
Non-white	43	17	8	4	1	1	26	100
Selected Groups								
Homeowner	43	19	9	3	1	*	25	100
Not homeowner	49	17	10	4	1	1	18	100
With credit cards	40	22	10	4	1	*	23	100
Without credit cards	54	12	8	3	1	*	22	100
All families	46%	18%	9%	3%	1%	*%	23%	100%

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*Less than .5 percent.

[1] See footnote 1, Table 8.

study.[3] Along with this sharp change in attitudes there has been a large increase in the use of credit cards as measured by outstanding balances.

Data on consumer credit provided by the Federal Reserve System includes credit card debt under the general heading of revolving credit. Because the consumer has the opportunity to pay the entire outstanding credit card balance without incurring a finance charge, including credit card balances within revolving credit causes upward bias in the statistics. However, since there is no way to identify the noninstalment part of credit card balances, the entire balance is included in revolving credit statistics. The Federal Reserve Board does not include any 30, 60, or 90 day 'same-as-cash' charge account balances, since they are clearly noninstalment credit. Table II-13 displays growth in mortgage and consumer credit outstanding as reported by the Federal Reserve Board. Revolving credit (which is primarily credit card debt) has increased at a compound annual rate of 19.7 percent over the last nine years. This growth exceeds the growth rate of instalment debt, of which revolving credit is a part, as well as noninstalment debt and consumer mortgage debt. Revolving credit has grown at a rate of two and one half times the rate of inflation.

In light of the preceding facts, it is obvious that credit card debt is a significant portion of the debt incurred by individuals. Thus, inclusion of total credit card debt in total instalment debt appears to be justified. Total credit card debt is the sum of the outstanding balances on bank credit cards, retail credit cards, and gasoline credit cards. General purpose credit cards are excluded since they are primarily travel and entertainment cards and usually are

TABLE II-13

MORTGAGE AND CONSUMER CREDIT OUTSTANDING

(IN MILLIONS OF DOLLARS AT END OF YEAR)

Type	1970	1977	1979	Compound Annual Growth Rate Over Nine Years
Mortgage [1]	280,200	656,566	872,192	13.45%
Noninstalment [2]	25,099	55,300	71,100	12.27%
Instalment total [3]	102,064	230,829	311,122	13.18%
Revolving	11,000 [4]	39,274	55,330	19.66%
Revolving as percent of total	10.8%	17.0%	17.8%	
Consumer Price Index (1967=100)	116.3	181.5	229.9	7.87%

[1] Excludes multi family, commercial and farm mortgage debt.

[2] Credit scheduled to be prepaid in a lump sum, including single payment loans, charge accounts, and service credit.

[3] Covers most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services ro to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more instalments.

[4] Not available from Federal Reserve Bulletin. Approximate figure based on survey of Consumer Credit Volume, 2nd Qtr. 1971 and Consumer Credit Outstandings, June 30, 1971. National Commission on Consumer Finance, Consumer Credit in the United States: The Report of the National Commission on Consumer Finance (Government Printing Office, 1972). 1970 Commercial Bank Credit Card Outstanding = $3,792 million.

Source: Federal Reserve Bulletin, vol. 66 (Jan. 1980), tables 1.54, 1.55, pp. A41, A92 and vol. 54 (Jan. 1973) pp. A51, A56.

nonrevolving. Other type credit cards are excluded because of relatively small outstanding balances and the unknown status of any revolving feature.

One half of the respondents had positive outstanding credit card balances (Table II-14). In the unrestricted rate states of Illinois and Louisiana a higher percentage of families had zero outstanding balances than in the rate restricted states. The distribution of the amount outstanding is fairly uniform across the markets. Arkansas families have the highest mean outstanding balances among families having credit card debt. With a ten percent rate ceiling, those who have cards are more likely to use them.

Table II-15 shows the consumer's use of consumer credit; that is, total instalment debt plus credit card debt. Over 60 percent of the respondents had positive consumer debt balances. Thus, about 20 percent of the respondents had positive credit card balances and no instalment debt. The pattern of outstanding consumer credit balances is fairly uniform across the markets. The mean consumer credit debt for those respondents with debt is considerably lower than the mean instalment debt in each of the markets. This reflects the inclusion of the 20 percent of respondents who had no instalment debt and some credit card debt having typically smaller balances.

There has recently been considerable legislative concern about credit availability to certain subgroups of the population, particularly women and minorities. The results presented here indicate that refusal rates for non-whites and women are not substantially different from refusal rates for traditional borrowers. Little

TABLE II-14

RESPONDENTS' USE OF CREDIT CARD DEBT

Amount Outstanding ($)	Wisconsin	Illinois	Arkansas	Louisiana	Total
No credit card debt	47%	53%	47%	53%	50%
0-25	3	2	2	2	2
26-50	4	2	3	2	3
51-100	6	5	4	3	5
101-250	10	7	9	8	9
251-500	10	9	11	7	9
501-1000	8	8	10	7	8
1001-2000	5	5	6	2	5
More than 2000	2	2	1	1	1
Not ascertained	5	7	7	15	8
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	744	3572
Mean credit card debt for respondents with outstanding balances	$511	$558	$573	$477	$534

TABLE II-15

CONSUMER'S USE OF INSTLAMENT AND CREDIT CARD CREDIT

Amount Outstanding ($)	Wisconsin	Illinois	Arkansas	Louisiana	Total
No debt of either type	34%	38%	34%	40%	37%
1-199	10	9	9	6	9
200-499	8	7	8	6	7
500-999	5	6	7	5	6
1,000-1,999	9	6	8	5	7
2,000-2,999	5	5	4	4	5
3,000-3,999	4	3	4	3	3
4,000-4,999	3	3	4	3	3
5,000 or more	8	8	8	8	8
Not ascertained	14	15	14	20	15
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572
Mean consumer credit for consumers with debt	$2241	$2393	$2297	$2880	$2407

variation appears between groups with respect to instalment debt outstanding (Table II-16). Females who are heads of their households were one exception, reporting less instalment debt. With respect to the income variable, the "nonwhite" and "female heads of households" groups reported lower incomes than the other groups. This may explain why these groups tend to have less outstanding instalment debt.

In the final section of Table II-16, the results of a credit scoring analysis reveal that all groups are roughly similar in terms of a risk measure, with the exception of the nonwhite group, who appeared more frequently among the high-risk scores.

In order to get a general idea of how successful the members of each category were in obtaining credit, respondents were asked if they were rejected for credit or were unable to obtain as much credit as they requested. The results of these inquiries are shown in Table II-17. The results reveal that nonwhites seemed to have more trouble obtaining credit. However, these results are not surprising in light of the results found in Table II-16 regarding the lower income and credit score values for nonwhites.

Differences across states by race and sex are shown in Table II-18. The differential rate ceilings present in each state were related to consumers' relative successes in obtaining credit, even after controlling for overall credit "worthiness." Arkansas had the lowest rate ceiling and also the highest rejection rates in each credit score category (Table II-18). Louisiana had the highest rate ceiling and the lowest rejection rates in each credit score category.

TABLE II-16

PERCENTAGE DISTRIBUTION WITHIN SELECTED GROUPS*

Total Instalment Debt Outstanding (dollars)	Race		Sex			
	White	Nonwhite	Male	Female Head	Non-Head	All
Zero	59%	60%	56%	77%	50%	59%
1-199	1	3	1	3	1	2
200-499	3	3	3	3	4	3
500-999	4	4	4	2	5	4
1000-1999	5	7	6	3	7	6
2000-2999	5	3	5	2	3	4
2999-3999	4	3	4	2	5	4
4000-4999	3	2	4	2	3	3
5000 and more	7	7	8	2	10	7
Not ascertained	9	8	9	4	12	8
	100%	100%	100%	100%	100%	100%
Income Quintiles:						
0: Lowest	14%	18%	13%	19%	14%	15%
1: Second	13	22	9	38	7	15
2: Third	15	19	15	23	12	16
3: Fourth	20	20	23	13	20	20
4: Fifth	24	14	25	5	29	21
5: Highest	14	7	15	2	18	13
	100%	100%	100%	100%	100%	100%
Credit Score Quintiles:						
1: Highest risk	18%	31%	21%	16%	22%	21%
2: Second	18	26	19	19	20	19
3: Third	21	22	22	21	20	21
4: Fourth	20	13	19	21	17	19
5: Lowest risk	23	8	19	23	21	20
	100%	100%	100%	100%	100%	100%
Number of cases	2875	697	1771	806	775	3572

*based on sample sizes of:
3572 = # in entire sample
2875 = # of white respundents
697 = # of nonwhite respondents
1991 = # of male respondents
806 = # of female heads of households
775 = # of female non-heads of households

TABLE II-17

MEASURES OF SUCCESS IN OBTAINING CREDIT

Race	Turned Down[1]	
	Percent	N
White	17%	489
Nonwhite	27%	188
Sex		
Male	18%	359
Female head	20%	20
Female nonhead	18%	18

Category Group	Didn't Get As Much as Requested[2]	
Race	Percent	N
White	3%	86
Nonwhite	7%	49
Sex		
Male	5%	99
Female head	3%	24
Female nonhead	4%	31

---

[1] Question: "In the past few years have you been turned down when you have applied for credit or a loan from a creditor?"

[2] Question: "In the past few years, did you ever borrow money but not get as much credit as you would have liked from a creditor?"

TABLE II-18

CREDIT REJECTION RATES BY CREDIT SCORE ACROSS STATES

	Risk									
	Highest		Second		Third		Fourth		Lowest	
	Percent	N	Percent	N	Percent	N	Percent	N	Percent	N
Wisconsin:										
Sex										
Male	32%	120	19%	108	14%	137	7%	102	5%	108
Female head	32	50	16	56	5	42	4	50	2	49
Female nonhead	48	25	34	35	29	35	*	38	6	51
Race										
White	30	166	21	179	12	192	5	183	4	203
Nonwhite	55	29	20	20	36	22	*	7	20	5
Illinois:										
Sex										
Male	32	121	23	111	19	118	6	119	5	113
Female	35	49	31	29	17	36	15	27	7	42
Female nonhead	38	34	36	58	18	66	19	48	5	59
Race										
White	27	107	22	106	18	146	7	152	6	191
Nonwhite	41	97	36	92	20	74	24	42	4	23
Arkansas:										
Sex										
Male	44	100	44	92	19	84	19	68	9	80
Female head	35	31	28	29	25	36	22	27	*	26
Female nonhead	44	45	51	41	16	44	24	45	8	39
Race										
White	43	138	43	130	20	140	22	125	7	137
Nonwhite	39	38	53	32	11	24	20	15	12	8
Louisiana:										
Sex										
Male	23	85	18	72	8	89	5	80	6	83
Female	28	40	15	34	22	37	19	26	*	42
Female nonhead	17	35	29	21	*	28	5	42	*	34
Race										
White	28	100	18	92	10	120	9	125	3	143
Nonwhite	15	60	22	36	9	34	*	23	6	16

Question: "In the past few years have you been turned down when you have applied for credit or a loan from a creditor?"

*Less than .5 percent.

By race and sex, the differences were most dramatic between the same low and high rate-ceiling states of Arkansas and Louisiana, respectively. That is, in Arkansas the female nonheads of households generally had the highest rejection rate within the sex category. Nonwhites had a rejection rate roughly similar to the white respondents across the credit score categories. However, the results appear to be quite different in Louisiana, where female nonheads of households had generally lower rejection rates than in the other states. Nonwhites in Louisiana had a generally lower rejection rate than whites. Interestingly, these cross-state effects are particularly striking for the lower credit score values, where one would expect the most effect to be felt with regard to differential rate ceilings. Although the sample sizes become quite small in some categories, the patterns in the data clearly demonstrate the impact of restrictive credit regulations on all of the population sub-groups studied. Rejection rates tended to be higher for nonwhites and women, particularly applicants who were not the heads of their households. However, many factors determine risk (creditworthiness), many of which are correlated with race and sex. These results do not provide direct evidence of discrimination based on other than economic considerations, but are indicative of the source of some of our social concerns.

B. Credit Cards

According to the most recent national survey, 63 percent of all U.S. families now have at least one credit card.[4] Credit card use grew dramatically during the 1970s and "plastic" credit will continue to play an important role in credit market developments during the 1980s. In the four state study reported here, 66 percent of the families owned at least one credit card. But ownership and use patterns differ among states because of the differences in regulations that apply to credit card use. Of most interest is the fact that the finance charge applicable to credit card use in Arkansas it limited to ten percent.

The highest ownership rates for credit cards occurred in Wisconsin, with 71 percent owning at least one card, followed by Arkansas with 66 percent, Louisiana with 65 percent and Illinois with 63 percent (Table II-19). Since terms are most favorable in the restricted states (Arkansas and Wisconsin), it would be expected that consumers would demand more credit card services there, and total ownership data support this proposition.

However, where maximum rates are lowest, suppliers of credit card services should be least willing to supply them unless other sources of credit revenues can be found. Table II-20 shows that this is in fact the case. The high ownership rates in Arkansas and Wisconsin represent department store credit cards. Sixty-one percent of the Arkansas consumers and 64 percent of the Wisconsin consumers own retail credit cards, compared to 56 percent in Illinois and 55 percent in Louisiana. Retailers are able to make up losses on credit card operations through higher prices for goods and services or through other adjustments in their retail operations.

For bank credit cards, ownership rates were lowest (29 percent) in Arkansas. The high ownership rate in Wisconsin may reflect the fact that the bank credit card market was already well developed before the Wisconsin Consumer Act became effective. In any event, the restrictions on credit cards contained in the Act were not particularly severe.

TABLE II-19

TOTAL CREDIT CARD OWNERSHIP

Number of Cards	WI	IL	AR	LA	All	1977 National Sample[1]
0	29%	37%	34%	35%	34%	37%
1-4	41	35	37	42	39	35
5-9	23	19	22	17	20	18
10-14	5	6	6	4	5	6
15-19	1	2	1	1	1	2
20 or more	1	1	*	1	1	2
Total	100%	100%	100%	100%	100%	100%

---

*Less than .5 percent

[1] 1977 Consumer Credit Survey [2]

Question: "Looking at this card, please tell me the number of credit card accounts you and your family living here have for each of these categories of credit cards."

TABLE II-20

OWNERSHIP OF CREDIT CARDS BY STATE[1]

Type of Card	WI	IL	AR	LA	All
Bank	43%	39%	29%	35%	37%
Store	64	56	61	55	59%
Gasoline	31	29	35	35	32%
General	5	6	10	3	6%
Other	5	3	9	1	5%
Any	71%	63%	66%	65%	66%
Number of cases	1006	1030	787	749	3572

[1] Percent of total sample owning at least one card.

N = number of cards

Because of the low rates in Arkansas, consumers that have credit cards tend to use them more frequently than in other states. This is true for every type of card owned, as can be seen in Table II-21 to II-25. The attractiveness of the low Arkansas rate can also be seen in the percentage of the credit line used on each card (Table II-26). The ratio of the balance owed to credit card lines is higher for every type of card in Arkansas.

Consumers in this study were asked to report the credit limits that existed on their credit cards by type of card owned. The results are shown in Table II-27. Overall, average limits were very high in Illinois and lowest in Louisiana, perhaps because of the difficulty of collecting delinquent accounts in that state. Average limits were thought to be uniformly highest for retail accounts, followed by bank credit cards. Overall, families that qualify for credit cards have fairly substantial lines of credit available to them, ranging from about $1600 in Louisiana to $2800 in Illinois.

On an account basis, card limits were highest in Illinois and lowest in Louisiana (Table II-28). The average reported bank card limit ranged from $1150 in Illinois to $660 in Louisiana. Store card limits were about $600 in all states except Louisiana, where card users reported an average limit of $490. Not surprisingly, higher limits were more frequent among higher income card users (Table II-29) and those with larger assets (Table II-30). Younger card users tended to have lower limits more frequently, but above age 34, the differences are not substantial (Table II-31).

TABLE II-21

BANK CARD USE[1]

Frequency of use	WI	IL	AR	LA	All
Often	30%	21%	34%	31%	26%
Sometimes	39	44	32	36	39
Hardly ever	25	30	25	35	28
Never	5	4	8	8	6
N.A.	1	1	1	*	1
Total	100%	100%	100%	100%	100%
Number of cases	433	402	228	262	1325

*Less than .5 percent.

[1] For Tables 1 through 5, the figures reported are precentages of those owning the type of card mentioned.

Question: "In general, about how often do you use your bank cards?"

TABLE II-22

STORE CARD USE

Frequency of use	WI	IL	AR	LA	All
Often	17%	17%	21%	12%	17%
Sometimes	45	47	49	43	44
Hardly ever	34	32	31	38	34
Never	3	3	4	6	4
N.A.	1	1	*	1	1
Total	100%	100%	100%	100%	100%
Number of cases	644	577	480	412	2113

* Less than .5 percent

Question: "In general, about how often do you use your store credit cards?"

TABLE II-23

GASOLINE CARD USE

Frequency of use	WI	IL	AR	LA	All
Often	44%	42%	52%	40%	44%
Sometimes	18	24	17	28	22
Hardly ever	29	27	21	24	25
Never	7	5	8	6	7
N.A.	2	2	2	2	2
Total	100%	100%	100%	100%	100%
Number of cases	312	299	275	262	1148

Question: "In general, about how often do you use your gasoline credit cards?"

TABLE II-24

GENERAL PURPOSE CARD USE[1]

Frequency of use	WI	IL	AR	LA	All
Often	21%	22%	25%	16%	22%
Sometimes	26	36	29	40	38
Hardly ever	43	33	40	40	32
Never	4	6	5	4	5
N.A.	6	3	1	*	3
Total	100%	100%	100%	100%	100%
Number of cases	50	62	78	22	212

*Less than .5 percent

[1] Cards such as American Express, Diners Club and Carte Blanche

Question: "In general, about how often do you use your general purpose credit cards?"

TABLE II-25

"OTHER" CREDIT CARD USE[1]

Frequency of use	WI	IL	AR	LA	All
Often	4%	8%	11%	10%	8%
Sometimes	28	27	17	40	24
Hardly ever	42	41	44	30	42
Never	22	12	28	20	22
N.A.	4	12	*	*	4
Total	100%	100%	100%	100%	100%
Number of cases	50	31	70	8	159

*Less than .5 percent.

[1] Includes airlines, rental car and similar cards.

Question: "In general, about how often do you use your other credit cards?"

TABLE II-26

AVERAGE BALANCE PER FAMILY AS PERCENT OF CREDIT LIMIT

Type of card	WI		IL		AR		LA		All	
	Percent	N[1]	Percent	N[1]	Percent	N[1]	Percent	N[1]	Percent	N[1]
Bank	28%	371	20%	305	32%	179	22%	122	25%	977
Store	22	281	22	318	39	232	31	119	27	950
Gasoline	10	100	10	97	15	33	18	32	12	262
General	2	14	3	25	20	22	13	3	9	64
Other	*	7	2	10	9	15	*	0	5	32
All	23%	773	19%	755	33%	481	25%	276	24%	2285

*No cards

[1] Number of families

Question: "What is the total amount you owe on these credit cards? In total what is the most that you could owe on each of these credit cards before reaching the limits set by the companies?

TABLE II-27

AVERAGE CREDIT LIMIT PER FAMILY

Type of card	WI		IL		AR		LA		All	
	Limit	N[1]	Limit	N[1]	Limit	N[1]	Limit	N[1]	Limit	N[1]
Bank	$1275	390	$1757	323	$1210	192	$1022	131	$1381	1036
Store	1643	291	1905	332	1601	239	1387	131	1687	993
Gasoline	750	104	857	102	587	34	1024	35	804	275
General	1414	14	1371	28	1402	24	1083	3	1378	69
Other	864	7	655	10	923	15	*	0	827	32
All	$1952		$2770		$1896		$1598		$2134	

Question: "In total, what is the most that you could owe on all of your credit cards before reaching the limits set by the companies?

*No cards

[1] Number of families

TABLE II-28

AVERAGE CREDIT LIMIT PER ACCOUNT

Type of card	WI		IL		AR		LA		All	
	Limit	N[1]	Limit	N[1]	Limit	N[1]	Limit	N[1]	Limit	N[1]
Bank	$928	536	$1151	493	$ 812	286	$659	203	$ 943	1518
Store	597	801	600	1055	580	660	489	372	580	2888
Gasoline	438	178	483	181	263	76	377	95	417	530
General	1238	16	1129	34	1052	32	650	5	1093	87
Other	$550	11	$546	12	$923	15	*	0	$696	38

*No cards

[1] Number of families

TABLE II-29

BANK CARD LIMITS BY FAMILY INCOME[1]

	Family Income					
Limit on all Bank Cards	Less than $7500	$7500-14,999	$15,000-24,999	$25,000-49,999	$50,000 and over	All Families
Less than $500	26%	21%	20%	10%	11%	15%
$501-1000	26	32	31	31	23	30
$1001-1500	10	10	10	15	9	12
$1501-2500	12	9	12	16	14	13
Over $2500	*	5	7	13	6	9
Not ascertained	26	23	20	15	37	21
Total	100%	100%	100%	100%	100%	100%

*Less than .5 percent

[1] Percent of families holding at least one bank card.

TABLE II-30

BANK CARD CREDIT LIMITS BY FAMILY ASSETS[1]

	Assets					
Limit on All Bank Cards	$0-750	$751-24,925	$24,926-46,625	$46,626-78,675	$78,676 and over	Not Ascertained
Less Than $500	30%	21%	20%	19%	10%	13%
$501-1000	45	32	39	34	28	22
$1001-1500	9	13	8	13	16	10
$1501-2500	7	12	14	12	17	12
2501 and over	*	7	6	10	14	7
Not ascertained	9	15	13	12	15	36
Total	100%	100%	100%	100%	100%	100%

*Less than .5 percent.

[1] Percent of families holding at least one bank card.

TABLE II-31

BANK CARD LIMITS BY AGE

	Age						
Limit on All Bank Cards	Under 25	25-34	35-44	45-54	55-69	65-74	75 and over
Less than $500	28%	19%	13%	11%	12%	18%	16%
$501-1000	36	34	29	28	27	24	28
$1001-1500	6	12	14	15	10	6	16
$1500-2500	7	11	16	15	12	15	8
Over $2500	3	10	10	6	12	7	*
Not ascertained	20	14	18	25	27	30	32
Total	100%	100%	100%	100%	100%	100%	100%

*Less than .5 percent.

Arkansas consumers tended to carry about the highest balances on their credit cards (Table II-32). This would be expected since the ten percent finance charge rate was very favorable in comparison to market rates during 1977. This same pattern manifests itself in the balance per account shown in Table II-33.

Because of the favorable finance charge rate in Arkansas, the lowest proportion of card users reported always paying their account in full. Forty-five percent of the Arkansas consumers always paid in full, compared to 52 percent in Illinois, 59 percent in Louisiana, and 58 percent in Wisconsin (Table II-33). This is likely a reflection of the ten percent rate charged on Arkansas cards compared to 18 percent in the other three states. The proportion of families always paying their balances in full rises with income (Table II-34) and did not show any striking variations across states within income groups.

Many consumers use more than one bank credit card. Table II-35 indicates some of the reasons for multiple card uses. Thirty-nine percent noted that some stores take only one of the two available major cards, so that having both cards gave the consumer more coverage. The second most frequently given reason was that two or more cards provided a larger total credit limit. Relatively few consumers indicated that the fact that their bank offered two cards was a reason for having multiple bank credit cards. There were no major differences across states as to the reasons why consumers chose to use more than one bank credit card.

TABLE II-32

AVERAGE CREDIT CARD BALANCE PER FAMILY FOR THOSE WITH BALANCES

Type of card	WI		IL		AR		LA		All	
	Balance	N[1]	Balance	N[1]	Balance	N[1]	Balance	N[1]	Balance	N[1]
Bank	$416	265	$494	218	$485	130	$371	91	$447	704
Store	358	340	413	315	539	283	397	163	426	1101
Gasoline	175	118	98	110	90	71	83	59	119	358
General	196	11	228	9	272	17	228	8	237	45
Other	$42	1	$160	2	$170	10	*	0	$159	13

*Less than .5 percent.

[1] Number of accounts

Question: "What is the total amount you owe on these cards?"

TABLE II-33

AVERAGE BALANCE PER CREDIT CARD ACCOUNT

Type of card	WI		IL		AR		LA		All	
	Balance	N[1]	Balance	N[1]	Balance	N[1]	Balance	N[1]	Balance	N[1]
Bank	$200	552	$199	542	$209	303	$109	312	$185	1709
Store	72	1845	73	1851	126	1336	81	905	86	5937
Gasoline	37	587	21	544	14	616	12	505	21	2252
General	43	56	32	72	56	90	73	27	48	245
Other	4	60	8	38	27	77	0	12	14	187

---

[1] Number of accounts

TABLE II-34

REPORTED PAYMENT HABITS OF CREDIT CARD USERS[1]

Payment Habits	WI	IL	AR	LA	All
Always pay full amount on all cards	58%	52%	45%	59%	54%
Sometimes pay full amount	20	21	19	12	18
Always pay certain accounts but not others	14	11	20	14	15
Hardly ever pay full amount owed	8	16	15	15	13
Not ascertained	*	*	1	*	*
Total	100%	100%	100%	100%	100%

---

[1] Percent of respondents owning at least one credit card.

Question: "Looking at this card, tell me which one statement best applies to your usual payment habits when you receive the bills for your credit cards."

TABLE II-35

REPORTED PAYMENT HABITS BY FAMILY INCOME[1]

Family Income	Always Pay Full Amount Owed	Sometimes Pay Full Amt.	Always Pay Certain Accts. In Full, But Not Others	Hardly Ever Pay Full Amt.	Not Ascertained	Total
Less than $7,500	54%	16%	9%	21%	*	100%
$7,500-14,999	55	17	10	18	*	100
$15,000-24,999	48	20	19	13	*	100
$25,000 or more	53	20	18	9	*	100
Not Ascertained	66	15	8	11	*	100
All	54%	18%	15%	13%	*	100%

---

[1] Percent of respondents holding at least one credit card.

TABLE II-36

REASONS FOR OWNING MORE THAN ONE BANK CARD[1]

Reason	WI	IL	AR	LA	All
Some stores only take one bankcard	41%	36%	41%	39%	39%
Allows for a higher total credit limit	25	22	23	17	22
Different billing dates	3	5	3	*	3
Prestige	2	2	*	*	1
Banks give more than one credit card account	6	9	3	4	6
Different accounts for different family members	2	2	*	1	1
Convenience	2	3	4	5	4
Identification purposes	1	*	1	8	2
Can use as credit reference	1	*	1	2	1
Useful for out-of-town travel	7	7	10	14	9
Both the same	1	*	*	*	*
Don't need more than one	*	3	5	3	3
To keep business and personal accounts separate	4	4	4	1	3
Versatility	2	3	2	1	2
Emergencies	1	2	1	4	2
Other	2	2	2	1	2
Total	100%	100%	100%	100%	100%

*Less than .5 percent.

[1] Percent of responses of respondents owning more than one bank card. Of the 524 respondents to this question, 96 gave two reasons, resulting in 620 responses. Their second mentions were counted as separate responses so that the results could be summarized in one table.

Question: "Some people have more than one bank credit card account. Why do you think a person would use more than one bank cardit card?"

C. Personal Instalment and Non-Instalment Loans

Consumers also have loans which are not directly associated with the purchase of items such as cars or durables. The screening questions for this portion of the interview were, "Do you or anyone in your family living here make regular payments on any other loan or debt that we have not talked about yet?", and "Do you or anyone in your family living here have any debts on which regular payments are not made, such as a loan on a life insurance policy, a debt to an individual or bank or to a doctor, etc.?" Responses to these questions were categorized respectively as instalment (regular payment) and noninstalment loans.

Personal Instalment Loans

A total of 515 respondents reported 590 personal instalment obligations.[5] The most frequently cited reasons for incurring such debt were nonbusiness real estate purchases, educational loans, and medical or dental debts (Table II-37). The reasons for these loans varied considerably across the states in the survey, as Arkansas respondents mentioned real estate loans at least twice as frequently as the respondents in the other states. Illinois residents reported home improvement instalment loans much more frequently than did consumers in other states.

Table II-38 provides the distribution of these personal instalment loans according to size. The distributions are quite stable across the states in the sample. Although loan sizes varied considerably, 56 percent of all loans were in excess of $1,000. One respondent in five had assumed an obligation of $5,000 or more.

TABLE II-37

PURPOSE OF "OTHER" INSTALMENT PAYMENT DEBTS

Purpose	Mentions by State				
	WI	IL	AR	LA	All
Improvements	4 %	8 %	1 %	* %	3 %
Car, truck, jeep, etc.	4	3	3	1	3
Furniture, fixtures, etc.	2	3	5	5	3
Medical and dental	5	12	9	8	8
Education loans	11	9	10	6	9
Consolidation loans	9	9	4	5	7
Real estate (not business)	11	7	22	11	13
Business property	10	6	4	2	6
Revolving chg/charge acct.	*	4	4	6	3
Unspecified personal loans	14	16	9	25	15
Other	30	23	29	32	30
Total	100%	100%	100%	100%	100%
Number of debts	236	116	150	88	590
Percent of consumers with at least one "other" instalment loan	21%	10%	17%	10%	14%

*Less than .5 percent.

Question: "Do you or anyone in your family living here make regular payments on any other loan or debt that we haven't talked about yet? (IF YES) What else do you make payments on?"

TABLE II-38

SIZE OF OTHER PERSONAL LOANS

	State				
Amount Borrowed:	WI	IL	AR	LA	All
$100 and less	*%	2%	1%	1%	1%
$101-250	2	3	3	5	3
$251-500	13	14	15	20	15
$501-1,000	15	19	19	18	17
$1,001-5,000	43	36	30	25	35
$5001 and more	21	16	27	16	21
Not ascertained	6	10	5	15	8
Total	100%	100%	100%	100%	100%
Number of loans	236	116	150	88	590

*Less than .5 percent.

Question: "What was the original amount owed?"

Respondents were asked to identify the credit sources to which regular payments were made. Over half of all such loans were made by banks or finance companies (Table II-39). The low percentage of finance company loans reported in Arkansas reflects the absence of that industry in the state due to the very low interest rate ceiling.

Occasionally, consumers obtain loans from various sources that do not require regular payments. Respondents were asked a series of questions regarding size, source, and purpose for such loans. Of the 3572 survey respondents, 333 reported at least one noninstalment debt and 47 individuals reported two such loans.

Not surprisingly, over one-half of these debts were incurred for medical and dental expenses. The remaining loans were made for a variety of purposes with educational loans representing the second largest specific response category (see Table II-40). Remaining balances on outstanding loans varied, but over half of the reported balances were for $500 or less (see Table II-41). Cross tabulations revealed that 85 percent of the medical/dental balances were less than $500.

Nearly half of all irregular payment debts were owed to doctors, dentists, and hospitals (Table II-42). Among the other creditors, insurance companies making policy loans were the second largest source of non-instalment debt, accounting for nearly 20 percent of these loans.

D. Household Durables and Recreation Items

A major discretionary expenditure for consumers is the purchase of household durable goods. According to the survey reported here, 34 percent of the sample purchased at least one household durable in

TABLE II-39

CREDIT SOURCES FOR OTHER PERSONAL LOANS

	State				
Creditor	WI	IL	AR	LA	All
Store	4%	12%	23%	17%	12%
Bank	37	31	38	45	37
Finance company	22	21	7	23	18
Credit union	17	16	7	5	12
Employer	*	*	*	*	*
Friend or relative	3	1	3	*	2
Doctor/dentist/hospital	4	12	5	5	6
School/college/university	6	3	3	1	4
Other	7	4	13	4	8
Not ascertained	1	*	1	*	1
Total	100%	100%	100%	100%	100%
Number of loans	236	116	150	88	590

*Less than .5 percent.

Question: "Please tell me where you make the payments?"

TABLE II-40

PURPOSE OF NON-INSTALMENT DEBTS

	State				
Purpose	WI	IL	AR	LA	All
Medical/dental expenses	47%	63%	55%	71%	54%
School/education loan	7	3	5	5	6
Current living expenses	4	*	4	2	3
Consolidation loans	1	2	4	2	2
Downpayment or closing costs on current home	4	2	2	2	3
Real estate other than recreation or business	6	*	1	*	3
Business property	4	3	4	*	4
Unspecified personal loan	8	17	12	10	11
Other	6	3	1	*	4
Not ascertained	13	7	12	8	10
Total	100%	100%	100%	100%	100%
Number of loans	182	65	92	41	380

*Less than .5 percent.

Question: "Do you or anyone in your family living here have any debts on which regular payments are not made such as a loan on a life insurance policy, a debt to an individual or bank, or to a doctor, etc.? What was the money used for?"

TABLE II-41

SIZE OF NONINSTALMENT DEBTS

	State				
Amount owed	WI	IL	AR	LA	All
500 and less	47%	55%	53%	64%	52%
501-1,000	15	12	14	5	13
1,001-2,500	13	15	11	17	13
2,501-5,000	4	6	9	5	6
More than 5,000	9	3	8	2	7
Not known or not ascertained	12	9	5	7	9
Total	100%	100%	100%	100%	100%
Number of loans	181	65	92	42	380

Question: How much do you still owe?"

TABLE II-42

CREDITORS FOR NONINSTALMENT DEBTS

Creditor	State WI	IL	AR	LA	All
Insurance company	21%	11%	21%	10%	18%
Store/dealer/contractor	2	2	4	2	3
Bank	8	8	7	5	7
Finance or loan company	2	0	1	2	1
Credit Union	*	0	1	*	*
Employer	1	2	1	*	1
Friend or relative	13	9	13	7	12
Doctor/hospital/dentist	42	62	49	66	49
Other	10	8	3	8	8
Not ascertained	1	*	*	*	1
Total	100%	100%	100%	100%	100%
Number of loans	182	65	92	41	380

*Less than .5 percent.

Question: "Do you make payments to insurance company, store/dealer/contractor, bank, finance or loan company, credit union, employer, friend or relative, doctor/hospital/dentist, other?"

1978 (Table II-43). For the full sample, the mean amount spent was $743. The corresponding figure for the 1977 national sample was $735.[6]

Intermarket comparisons show major differences in the percent of respondents purchasing durables and the mean amount spent (Table II-43). The percent purchasing ranged from a low of 25 percent in Illinois to a high of 42 percent in Wisconsin. The largest mean amount spent was $809 (Wisconsin) and the smallest was $635 (Arkansas).

Expenditures for durables goods vary directly with the level of family income. In all four markets (Tables II-45 through II-48) and the full sample (Table II-44), the percent purchasing and the mean amount spent rose with family income. The amount spent for household durables also varied with the age of the household head (Table ii-49). The mean amount spent peaked at $820 in the 35 to 44 age group. Another factor related to the amount spent for durable goods appears to be family life cycle (Table II-50). Young, married individuals were the most frequent purchasers. Housing status (Table II-51) was also related to the purchase of durable goods. Those individuals owning their own homes and moving in during 1978-79 (recent movers) reported the largest average expenditures on household durables and most frequently made purchases.

Only 16 percent of the respondents in the full sample reported purchasing hobby or recreation items during 1978 (Table II-52). The mean amount spent was $1,012. The mean amount spent ranged from $889 in Arkansas to $1,204 in Illinois. In general, the mean amount spent and the percentage purchasing rose with family income (Tables II-53 to II-57).

TABLE II-43

AMOUNT SPENT FOR HOUSEHOLD DURABLES IN 1978

Amount Spent ($)	All	WI	IL	AR	LA
Zero	66%	58%	75%	65%	72%
1-99	1	1	1	2	*
100-199	2	3	2	3	2
200-299	4	5	3	3	3
300-499	8	11	8	10	6
500-749	7	8	3	8	7
750-999	4	5	3	4	3
1000-1249	3	4	2	1	2
1250-1499	1	1	*	1	1
1500-1749	1	1	1	1	1
1750-1999	*	*	*	*	*
2000 and over	2	3	2	1	2
Not ascertained but greater than zero	1	*	*	1	1
Total	100%	100%	100%	100%	100%
Percent purchasing	34%	42%	25%	35%	28%
Mean amount spent[1] per family	$743	$809	$720	$635	$780

*Less than .5 percent.

[1] Based upon people making at least one purchase and giving cost of item.

TABLE II-44

PURCHASE OF HOUSEHOLD DURABLE GOODS BY FAMILY INCOME

		Family Income (dollars)				
Amount Spent ($)	All	Under 7500	7500-14999	15000-24999	25000 And Over	Not Ascertained
Zero	66%	79%	70%	59%	54%	79%
1-99	1	2	2	2	*	*
100-199	2	2	4	2	2	1
200-299	4	4	4	4	4	2
300-499	8	6	8	9	11	4
500-749	7	3	6	10	10	5
750-999	4	1	3	4	7	3
1000-1249	3	2	2	4	3	1
1250-1499	1	*	*	2	2	1
1500-1749	1	*	*	2	3	*
1750-1999	*	*	*	*	*	*
2000 and over	2	*	1	2	4	2
Not ascertained but greater than zero	1	1	*	*	*	2
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	34%	21%	30%	41%	46%	21%
Mean amount spent[1] per family	$743	$468	$567	$738	$918	$824

*Less than .5 percent.

[1] Based upon people making at least one purchase.

TABLE II-45

PURCHASE OF HOUSEHOLD DURABLE GOODS BY FAMILY INCOME

WISCONSIN

		Family Income (dollars)				
Amount Spent ($)	All	Under 7500	7500-14999	15000-24999	25000 And Over	Not Ascertained
Zero	58%	75%	68%	50%	46%	73%
1-99	1	3	1	3	*	*
100-199	3	3	5	1	2	1
200-299	5	6	4	6	4	1
300-499	11	6	8	11	13	7
500-749	8	3	5	10	12	5
750-999	5	*	5	6	8	4
1000-1249	4	3	2	6	6	*
1250-1499	1	*	*	1	2	*
1500-1749	1	*	*	3	2	*
1750-1999	*	*	*	1	*	1
2000 and over	3	*	2	3	4	6
Not ascertained but greater than zero	*	1	*	*	*	2
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	42%	25%	32%	50%	54%	27%
Mean amount spent[1] per family	$809	$393	$636	$747	$954	$1,340

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-46

PURCHASE OF HOUSEHOLD DURABLE GOODS BY FAMILY INCOME

ILLINOIS

		Family Income (dollars)				
Amount Spent ($)	All	Under 7500	7500-14999	15000-24999	25000 And Over	Not Ascertained
Zero	75%	84%	80%	67%	60%	81%
1-99	1	1	2	2	1	1
100-199	2	*	2	4	1	2
200-299	3	3	2	3	5	2
300-499	8	4	7	7	11	2
500-749	3	2	3	8	8	6
750-999	3	1	1	2	5	3
1000-1249	2	3	2	4	2	1
1250-1499	*	1	*	1	*	1
1500-1749	1	*	*	*	3	*
1750-1999	*	*	*	*	*	*
2000 and over	2	*	1	2	3	1
Not ascertained but greater than zero	*	1	*	*	1	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	25%	16%	20%	33%	40%	19%
Mean amount spent[1] per family	$720	$560	$617	$676	$870	$697

*Less than .5 percent.

[1] Based upon people making at least one purchase and giving cost of item.

TABLE II-47

PURCHASE OF HOUSEHOLD DURABLE GOODS BY FAMILY INCOME

ARKANSAS

		Family Income (dollars)				
Amount Spent ($)	All	Under 7500	7500-14999	15000-24999	25000 And Over	Not Ascertained
Zero	65%	75%	61%	58%	56%	78%
1-99	2	3	4	2	1	*
100-199	3	4	5	4	3	*
200-299	3	1	6	3	3	2
300-499	10	8	8	11	11	8
500-749	8	5	8	12	9	4
750-999	4	1	3	3	7	4
1000-1249	1	*	3	1	1	*
1250-1499	1	*	*	3	2	*
1500-1749	1	*	1	3	3	1
1750-1999	*	1	*	*	*	*
2000 and over	1	1	*	*	3	*
Not ascertained but greater than zero	1	1	1	*	*	3
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	35 %	25 %	39 %	42 %	44 %	22 %
Mean amount spent[1] per family	$635	$460	$475	$631	$897	$582

*Less than .5 percent.

[1] Based upon people purchasing at least one item and giving cost of item.

TABLE II-48

PURCHASE OF HOUSEHOLD DURABLE GOODS BY FAMILY INCOME

LOUISIANA

		Family Income (dollars)				
Amount Spent ($)	All	Under 7500	7500-14999	15000-24999	25000 And Over	Not Ascertained
Zero	72%	85%	69%	64%	58%	83%
1-99	*	*	*	2	*	*
100-199	2	*	3	1	3	1
200-299	3	4	5	1	3	1
300-499	6	4	10	6	7	4
500-749	7	2	6	10	12	4
750-999	3	2	3	4	6	3
1000-1249	2	*	1	4	1	1
1250-1499	1	*	1	2	2	1
1500-1749	1	*	1	2	3	1
1750-1999	*	1	*	*	1	*
2000 and over	2	0	1	4	4	1
Not ascertained but greater than zero	1	2	*	*	*	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	28%	15%	31%	36%	42%	17%
Mean amount spent[1] per family	$780	$513	$570	$927	$914	$736

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-49

PURCHASE OF HOUSEHOLD DURABLE GOODS BY AGE OF FAMILY HEAD

		Age of Family Head (Years)						
Amount Spent ($)	All	Under 25	25-34	35-44	45-54	55-64	65-75	75 And Older
Zero	66%	63%	60%	61%	65%	69%	82%	82%
1-99	1	4	2	1	*	1	1	*
100-199	2	4	2	3	2	3	1	2
200-299	4	3	4	3	4	3	3	2
300-499	8	9	8	11	9	8	5	7
500-749	7	6	9	10	7	6	5	3
750-999	4	3	4	4	5	4	1	3
1000-1249	3	4	4	2	2	2	*	*
1250-1499	1	*	2	2	1	1	*	*
1500-1749	1	*	2	1	2	1	*	*
2000 and over	2	2	2	2	3	2	1	*
Not ascertained but greater than zero	1	1	1	*	*	*	1	1
Total	100%	100%	100%	100%	100%	100%	100%	100%
Percent purchasing	34%	37%	40%	39%	35%	31%	18%	18%
Mean amount spent[1] per family	$743	$629	$767	$820	$766	$722	$705	$530

*Less than .5 percent.

[1] Based upon people making at least one purchase and giving cost of item.

TABLE II-50

PURCHASE OF HOUSEHOLD DURABLE GOODS BY LIFE CYCLE STAGE OF FAMILY HEAD

		Under 45				45 And Over								
			Married			Unmarried/No Children			Married					
				Youngest Child						No Children				
Amount Spent ($)	All	Unmarried No Children	No Children	Under 6 Years	6 Years And Over	Head Retired	Head In Labor Force	Other[1]	Children	Head Retired	Head In Labor Force	Other[1]	Any Age Unmarried Children	Not Ascertained
Zero	66%	75%	56%	54%	53%	87%	72%	80%	62%	76%	70%	86%	72%	89%
1-99	1	2	2	2	1	1	1	1	1	1	*	*	2	*
100-199	2	4	3	2	2	2	1	1	3	2	2	*	3	*
200-299	4	3	4	4	4	1	2	7	4	5	2	2	4	*
300-499	8	5	8	11	11	3	8	5	10	5	9	*	4	*
500-749	7	5	8	11	12	3	6	3	8	5	7	6	5	*
750-999	4	2	7	4	5	2	3	*	5	2	5	2	3	*
1000-1249	3	1	4	4	4	*	*	1	3	1	2	2	2	*
1250-1499	1	*	1	2	3	*	1	*	1	1	*	*	1	*
1500-1749	1	1	2	2	2	*	4	*	*	*	1	*	1	*
1750-1999	*	*	1	*	1	*	*	*	*	*	*	*	1	*
2000 and over	2	1	3	3	2	*	1	1	3	2	2	*	2	*
Not ascertained but greater than zero	1	1	1	1	*	1	1	1	*	*	*	2	*	11
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percent purchasing	34%	25%	44%	46%	47%	13%	28%	20%	38%	24%	30%	14%	28%	11%
Mean amount spent[2] per family	$743	$535	$797	$797	$802	$498	$709	$453	$767	$649	$795	$633	$689	N.A.

*.5 percent and less

[1] This category includes disabled persons, housewives, students and others who are not retired nor in the labor force.

[2] Based upon people making at least one purchase.

TABLE II-51

PURCHASES OF HOUSEHOLD DURABLE GOODS BY HOUSING STATUS AND DURATION OF OCCUPANCY

		Status And Duration						
		Own			Rent			
Amount Spent ($)	All	Moved in Prior to 1970	Moved in 1970-1977	Moved in 1978-1979	Moved in Prior to 1970	Moved in 1970-1977	Moved in 1978-1979	Neither Own or Rent
Zero	66%	70%	63%	46%	82%	74%	65%	70%
1-99	1	1	1	1	1	2	3	*
100-199	2	2	2	5	1	2	4	*
200-299	4	3	4	4	1	5	3	7
300-499	8	9	9	9	6	7	8	6
500-749	7	6	9	10	6	4	7	13
750-999	4	4	4	7	*	1	3	2
1000-1249	3	2	2	7	1	2	3	2
1250-1499	1	1	1	3	*	1	1	*
1500-1749	1	1	2	1	1	1	*	*
1750-1999	*	*	*	1	*	*	1	*
2000 and over	2	1	2	6	1	1	1	*
Not ascertained but greater than zero	1	8	1	*	*	*	1	*
Total	100%	100%	100%	100%	100%	100%	100%	100%
Percent purchasing	34%	30%	37%	54%	18%	26%	35%	30%
Mean amount spent[1] per family	$743	$696	$754	$1,066	$815	$592	$618	$521

*Less than .5 percent.

[1] Based upon people making at least one purchase and giving cost of item.

TABLE II-52

PURCHASE OF HOBBY AND RECREATION ITEMS

	Markets				
Amount Spent ($)	All	WI	IL	AR	LA
Zero	84%	79%	86%	85%	88%
Under 200	5	6	2	4	4
200-299	2	3	3	3	1
300-499	3	4	3	3	2
500-999	3	3	3	2	2
1000 or more	3	5	3	3	3
Not ascertained	*	*	*	*	*
Total	100%	100%	100%	100%	100%
Percent purchasing	16%	21%	14%	15%	12%
Mean amount spent[1] per family	$1,012	$927	$1,204	$889	$1,094

*Less than .5 percent.

[1] Based on people purchasing at least one item.

TABLE II-53

PURCHASE OF HOBBY AND RECREATION ITEMS BY FAMILIES IN 1978 BY FAMILY INCOME

		Family Income (Dollars)				
Amount Spent ($)	All	Under 7,500	7,500-14,999	15,000-24,999	25,000 And Over	Not Ascertained
Zero	84%	95%	87%	78%	76%	93%
Under 200	5	2	3	6	7	2
200-299	2	1	3	3	3	1
300-499	3	1	4	4	4	1
500-999	3	1	2	4	4	2
1000 or more	3	*	1	5	6	1
Not ascertained	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	16%	5%	13%	22%	24%	7%
Mean amount spent[1] per family	$1,012	$568	$628	$936	$1,383	$876

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-54

PURCHASE OF HOBBY AND RECREATION ITEMS BY FAMILIES IN 1978 BY FAMILY INCOME

WISCONSIN

		Family Income (Dollars)				
Amount Spent ($)	All	Under 7,500	7,500-14,999	15,000-24,999	25,000 And Over	Not Ascertained
Zero	79%	95%	84%	73%	69%	91%
Under 200	6	*	1	9	9	*
200-299	3	*	1	4	5	1
300-499	4	3	7	4	5	3
500-999	3	1	5	4	3	2
1000 or more	5	*	2	6	9	3
Not ascertained	*	1	*	*	*	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	21%	5%	16%	26%	31%	9%
Mean amount spent[1] per family	$927	$239	$514	$684	$1,342	$1,037

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-55

PURCHASE OF HOBBY AND RECREATION ITEMS BY FAMILIES IN 1978 BY FAMILY INCOME

ILLINOIS

		Family Income (Dollars)				
Amount Spent ($)	All	Under 7,500	7,500-14,999	15,000-24,999	25,000 And Over	Not Ascertained
Zero	86%	95%	90%	83%	83%	92%
Under 200	2	2	2	2	2	3
200-299	3	1	5	3	2	1
300-499	3	1	2	4	7	*
500-999	3	1	1	4	4	2
1000 or more	3	*	*	4	2	2
Not ascertained	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	14%	5%	10%	17%	17%	8%
Mean amount spent[1] per family	$1,204	$410	$910	$1,547	$1,267	$901

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-56

PURCHASE OF HOBBY AND RECREATION ITEMS BY FAMILIES
In 1978 BY FAMILY INCOME
ARKANSAS

		Family Income (Dollars)				
Amount Spent ($)	All	Under 7,500	7,500 14,999	15,000- 24,999	25,000 And Over	Not Ascertained
Zero	85%	93%	84%	79%	78%	93%
Under 200	4	2	5	6	5	1
200-299	3	2	4	4	3	1
300-499	3	1	5	4	1	1
500-999	2	1	1	3	3	2
1000 or more	3	1	1	4	10	1
Not ascertained	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	15%	7%	16%	21%	22%	7%
Mean amount spent[1] per family	$889	$987	$498	$643	$1,566	$836

*Less than .5 percent.

[1] Based upon people purchasing at least one item.

TABLE II-57

PURCHASE OF HOBBY AND RECREATION ITEMS BY FAMILIES IN 1978 BY FAMILY INCOME

LOUISIANA

		Family Income (Dollars)				
Amount Spent ($)	All	Under 7,500	7,500-14,999	15,000-24,999	25,000 And Over	Not Ascertained
Zero	88%	96%	91%	80%	69%	91%
Under 200	4	1	1	7	8	3
200-299	1	1	1	2	3	*
300-499	2	*	3	2	5	*
500-999	2	1	1	3	3	3
1000 or more	3	1	3	6	11	3
Not ascertained	*	*	*	*	1	*
Total	100%	100%	100%	100%	100%	100%
Percent purchasing	12%	4%	9%	20%	31%	9%
Mean amount spent[1] per family	$1,094	$480	$591	$1,102	$1,444	$759

*Less than .5 percent.

[1] Based upon people purhcasing at least one item.

Tables II-58 and II-59 provide information on the amount spent within various demographic groups. The percent of respondents purchasing hobby and recreation items declined with age after the 35 to 44 age group (Table II-58). However, the largest average outlays for those making purchases were the 65 to 74 age group and the second largest were made by the 45 to 54 age group. By life cycle group, young families were the most frequent purchasers, although older married families made the largest expenditures (Table II-59).

The proportion of durable goods purchases financed with a loan was low in all states (Table II-60). Overall, only 13 percent of the purchases were financed. This in part reflects the fact that the price of durable goods, particularly appliances, has risen very little over the last ten years in current dollar terms and have fallen in real terms. Thus, it is not a major burden to pay cash for such purchases.

Many of these purchases were financed on credit cards. Twenty-nine percent of the durables purchased were paid for with a credit card, compared to 13 percent with loans. A similar pattern is observed for hobby and recreation items, with 18 percent paid for with a credit card and 16 percent with a loan (Table II-61). Credit card purchases were most frequent in Arkansas for durable goods purchases, and second most frequent for hobby and recreation items. The credit card has clearly replaced more traditional loan arrangements for the purchase of these types of goods. Compared to ten years ago, there has been little change in the overall proportion of goods purchased with some form of credit, but the role of the credit card has increased substantially in importance.[7]

TABLE II-58

PURCHASES OF RECREATION AND HOBBY ITEMS BY AGE OF FAMILY HEAD

		Age of Family Head (Years)							
Amount Spent ($)	All	Under 25	25-34	35-44	45-65	55-64	65-74	75 And Over	Not Ascertained
Zero	84%	76%	77%	76%	84%	92%	97%	97%	80%
Under 200	5	5	5	8	5	3	2	2	*
200-299	2	5	3	3	3	1	*	1	*
300-499	3	4	5	4	3	2	*	*	*
500-999	3	5	4	3	2	2	1	*	20
1000 or more	3	5	6	6	3	*	*	*	*
Not ascertained	*	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percent purchasing	16%	24%	23%	24%	16%	8%	3%	3%	20%
Mean amount[1] spent per family	$1,012	$702	$926	$976	$1,584	$783	$2,106	$191	$888

*Less than .5 percent.

[1] Based upon people making at least one purchase.

TABLE II-59

PURCHASES OF RECREATION AND HOBBY ITEMS BY LIFE CYCLE STAGE OF FAMILY HEAD

		Under 45				45 And Over								
			Married			Unmarried/No Children			Married					
				Youngest child						No Children				
Amount Spent ($)	All	Unmarried No Children	No Children	Under 6 Years	6 Years And Over	Head Retired	Head In Labor Force	Other[1]	Children	Head Retired	Head In Labor Force	Other[1]	Any Age Unmarried Children	Not Ascertained
Zero	84%	79%	76%	78%	71%	98%	93%	98%	83%	95%	92%	92%	88%	89%
Under 200	5	3	5	6	9	*	1	*	6	2	2	2	5	*
200-299	2	3	3	4	2	*	*	*	4	*	2	*	1	*
300-499	3	4	5	4	5	*	3	1	3	1	1	2	4	*
500-999	3	4	4	3	6	2	2	1	2	1	*	2	1	11
1000 or more	3	6	7	5	7	*	1	*	2	1	3	2	1	*
Not ascertained	*	1	*	*	*	*	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percent purchasing	16%	21%	24%	22%	20%	2%	7%	2%	17%	5%	8%	8%	12%	11%
Mean amount spent[1] per family	$1,012	$1,145	$969	$821	$841	$341	$524	$434	$1,735	$1,002	$1,040	3	$573	$888

*Less than .5 percent

[1] This category includes disabled persons, housewives, students, and others who are not retired nor in the labor force.

[2] Based upon people making at least one purchase.

[3] Too few cases.

TABLE II-60

DURABLE GOODS PURCHASES FINANCED

(PERCENT OF PURCHASES)

Approximate Family Income Quintile	Percent of Purchases Financed:[1]									
	WI		IL		AR		LA		All	
	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card
Lowest ($6,750 or less)	17%	4%	19%	19%	23%	34%	17%	22%	19%	20%
Second ($6,751-$11,750)	17	19	13	23	18	34	24	24	18	26
Third ($11,751-$18,750)	17	21	11	29	15	47	20	29	16	31
Fourth ($18,751-$27,500)	13	26	10	25	16	42	11	31	13	30
Highest ($27,501 or more)	5	30	7	32	5	35	10	26	6	31
Not ascertained	13	19	9	23	14	29	14	36	12	28
Number of purchases	983		646		643		466		2738	
Percent of purchases financed	12%	23%	10%	27%	15%	39%	16%	29%	13%	29%

---

[1] Based on durable goods purchased in 1977 and 1978; some families purchased more than one durable.

TABLE II-61

HOBBY AND RECREATION ITEMS FINANCED[1]

Approximate Family Income Quintile	Percent of Purchases Financed:									
	WI		IL		AR		LA		All	
	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card	Loan	Credit Card
Lowest ($6,750 or less)	12%	8%	20%	20%	10%	25%	13%	13%	13%	16%
Second ($6,751-$11,750)	10	10	10	17	9	18	12	24	10	16
Third ($11,751-$18,750)	11	11	19	15	18	20	28	21	16	15
Fourth ($18,751-$27-500)	24	18	12	23	12	26	18	7	18	21
Highest ($27,501 or more)	10	21	11	34	10	12	23	13	12	21
Not ascertained	24	33	3	23	20	*	24	24	15	23
Number of purchases	470		243		238		164		1115	
Percent of purchase financed	16%	16%	12%	22%	13%	19%	21%	14%	15%	18%

*Less than .5 percent

[1] Based on durable goods purchased in 1977 and 1978; some families purchased more than one durable.

E. Vehicle Purchases and Ownership

The largest percentage of new vehicle purchases was in the $6,000 to $7,500 price range (Table II-62). During the period 1977-78, 41 percent of new vehicles purchased cost between $5500 and $7500. The mean purchase price of new vehicles was $6474, and for used vehicles, $2150. About one in five used vehicles cost less than $500.

The percentage of respondents using credit only to purchase a new vehicle was approximately the same across all markets (Table II-63). The percentage of respondents making cash purchases of new vehicles ranged from a low of 24 percent in Louisiana to a high of 35 percent in Wisconsin. Used vehicle financing did not significantly differ across markets. Table II-64 identifies commercial banks as the major credit source in the financing of used vehicles. The three major sources of credit for new vehicle purchases were finance companies, dealers, and commercial banks. A distribution of the amount borrowed for new and used vehicles is provided in Table II-65. The mean amounts borrowed for new and used vehicles were $4394 and $2006 respectively.

Fifty percent of new vehicle purchasers had a family income of at least $15,000 (Table II-66). Families purchasing only used vehicles were concentrated in the lower income brackets (under $15,000). Those families purchasing both a new and a used vehicle were again in the upper income brackets. New vehicle purchasers were also most likely to be young (under 45), married individuals with children under six years of age (Table II-67). These same traits were also the most common among used vehicle purchasers and those purchasing both a new and used vehicle.

Multiple vehicle ownership rises with higher levels of family income (Table II-68). Only 11 percent of the families in the lowest income bracket own two or more vehicles. However, 79 percent of the families in the top income bracket own multiple vehicles.

TABLE II-62

PRICES PAID FOR NEW AND USED VEHICLES[1]

Amount Paid ($)	New Vehicles	Used Vehicles
less than 500	*%	19%
500-999	*	13
1000-1499	*	11
1500-1999	*	9
2000-2499	*	9
2500-2999	*	7
3000-3499	1	6
3500-3999	2	5
4000-4499	7	4
4500-4999	5	3
5000-5499	16	3
5500-5999	9	2
6000-7499	32	3
7500-9999	16	1
10000 and over	6	*
Not ascertained	6	5
Total	100%	100%
Mean purchase price	$6,474	$2,150
Number of purchases	883	1131

*Less than .5 percent.

[1] Based on vehicles purchased by respondents in 1977 and 1978; excludes vehicles received as gifts. Each respondent reported up to three vehicle purchases.

TABLE II-63

METHOD OF FINANCING PURCHASES OF NEW AND USED VEHICLES[1]

	New Vehicles					Used Vehicles				
Method	All	WI	IL	AR	LA	All	WI	IL	AR	LA
Cash	30%	35%	28%	33	24%	48%	52%	46%	45%	45%
Credit[2]	26	25	27	27	28	24	24	24	24	26
Cash and credit	40	38	42	35	43	23	20	23	25	25
Not ascertained	4	2	3	5	5	5	4	7	5	4
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Less than .5 percent

[1] Based on number of vehicles purchased during 1977, 1978; some families purchased more than one vehicle.

[2] This category includes purchases where cash towards vehicle payment was borrowed.

TABLE II-64

SOURCES OF VEHICLE CREDIT

Source	New Vehicles	Used Vehicles
Bank	37%	43%
Credit union	20	22
Finance co./dealer	38	27
Other and not ascertained	5	8
Total	100%	100%

*Less than .5 percent.

TABLE II-65

AMOUNT BORROWED ON PURCHASE OF NEW AND USED VEHICLES

Amount Borrowed ($)	Purchases[1]	
	New Vehicles	Used Vehicles
Zero	30%	48%
1-249	*	*
250-499	*	1
500-999	*	3
1000-1999	1	5
1500-1999	1	3
2000-2499	3	4
2500-2999	3	2
3000-3999	6	2
3500-3999	4	1
4000-4499	5	2
4500-4999	4	1
5000 and over	17	1
Not ascertained	26	27
Total	100%	100%
Mean Amount Borrowed[2]	$4,394	$2,006

*Less than .5 percent.

[1] Based on number of vehicles purchased during 1977, 1978; some families purchased more than one vehicle.

[2] Based on those borrowing and giving information on amount borrowed.

TABLE II-66

NEW AND USED VEHICLE PURCHASES BY FAMILY INCOME[1]

Family Income (dollars)	All	New Vehicle Purchasers	Used Vehicle Purchasers	Purchased Both New And Used Vehicles
Under 7,500	15%	9%	16%	3%
7,500-14,999	22	22	30	10
15,000-24,999	26	25	29	36
25,000 and over	22	25	15	42
Not ascertained	15	19	10	9
Total	100%	100%	100%	100%

---

[1] Based on people owning a vehicle, regardless of year of purchase.

TABLE II-67

PURCHASE OF NEW AND USED VEHICLES BY FAMILY LIFE CYCLE[1]

Life Cycle Stage of Family Head	All	New Vehicle Purchasers	Used Vehicle Purchasers	Purchased Both New & Used
Under 45				
Unmarried, no children	10%	9%	11%	3%
Married				
no children	9	8	11	14
youngest child under 6 years	22	17	26	31
6 years & over	7	6	8	13
45 and over				
Married				
children	11	10	10	17
no children				
head in labor force	11	16	7	12
head retired	7	12	5	4
other[1]	1	2	1	2
Unmarried, no children				
head in labor force	4	5	5	*
head retired	6	7	3	*
other[2]	3	2	2	*
Any age, unmarried, children	9	6	11	4
Not ascertained	*	*	*	*

*Less than .5 percent.

[1] Based on people owning a vehicle, regardless of year of purchase.

[2] This category includes disabled persons, housewives, students, and others who are not retired nor in the labor force.

TABLE II-68

VEHICLE OWNERSHIP BY FAMILY

Family Income (dollars)	Vehicles Owned				
	None	One	Two	Three or more	Total
Under $7500	42%	47%	9%	2%	100%
$7500-14999	14	60	23	3	100%
$15000-24999	3	37	48	12	100%
$25000 and over	2	19	57	22	100%
Not ascertained	17	46	28	9	100%

FOOTNOTES - II

[1] Credit card debt also grew out of 30 day retail credit. Thirty day retail credit is not considered instalment credit since it does not satisfy the two or more payments criteria. The nature of credit card use has been drastically changing in the past ten years.

[2] Durkin and Elliehausen Chapter 14, p. 93. While credit card debt has been excluded from total instalment debt in this research study, the Federal Reserve System does include credit card debt in the total instalment debt figures it reports.

[3] See Durkin, Elliehausen, Katona (1971), and earlier volumes.

[4] Durkin and Elliehausen Chapter 14, p. 86 (Table 17).

[5] 515 respondents had at least one instalment debt outstanding. Of these, 75 mentioned additional outstanding instalment loans.

[6] Durkin and Elliehausen, Chapter 14.

[7] See Katona, et. al, (1967), Chapter 5. Forty-three percent of the families purchasing durables in 1966 used credit. In this study, 42 percent of the purchases were financed with a loan or purchased with a credit card.

III. HOUSING

A. Housing Demand and Ownership Relationships

The majority of the consumers, 73 percent, owned outright or were buying the dwelling which they occupy (Table III-1). However, ownership rates vary with the characteristics of the owners and the type of dwelling unit they lived in. Over 80 percent of the families occupying a single family house, or a mobile home or trailer, either owned outright or were purchasing the dwelling (Table III-2). Only about half of the households with a head whose age was less than 35 years owned their homes compared to over 80 percent in the other age groups (Table III-3).

Fifty-eight percent of the black households and 48 percent of the Hispanic households owned their homes. There was generally a positive relationship between total income level and home ownership rates.

The occupancy rate for single family houses was highest among white families and among families whose head was between the ages of 45 and 54 (Table III-4). Table III-4 also indicates that the higher the level of income or net assets, the larger the percentage of families occupying single family homes.

Purhcases of new and used housing units during the 1977-78 period are described in Tables III-5 and III-6. Households whose heads were less than 35 years of age were by far the most frequent purchasers, making up 61 percent of the new housing demand and 63 percent of those seeking used housing. The corresponding figures for families with a head younger than 45 years of age, and children under six years of age were 41 percent and 40 percent. Families with incomes above $15,000 tended to be the most frequent purchasers. Those families whose net asset holdings were less than $2,500 purchased more frequently than any

TABLE III-1

FAMILY HOUSING STATUS

Status	Wisconsin	Illinois	Louisiana	Arkansas	Total
Own or buying	77%	68%	70%	77%	73%
Renting	22	30	29	21	26
Neither	1	2	1	2	1
Total	100%	100%	100%	100%	100%
Number of families responding	1006	1030	787	749	3572

TABLE III-2

HOUSING STRUCTURE AND CHOICE OF OWNERSHIP RELATIONSHIP[1]

	Single Family House	Mobile Home/ Trailer	Single[2] Unit	Condominium[3]	Apartment/ Other	Total
Own or buying	86%	82%	32%	4%	14%	74%
Rent	14	18	68	96	86	26
Total	100%	100%	100%	100%	100%	100%

[1] Percents based upon column totals which reflect only those who either own or are buying, or are renting. Total incidence of this group is 3516.

[2] Single unit of a multifamily structure excluding apartment type condominium.

[3] Apartment type condominium.

TABLE III-3

CHOICE OF OWNERSHIP RELATIONSHIP AND FAMILY CHARACTERISTICS[1]

	Own or Buying	Rent	Total
Age			
Less than 35	54%	46%	100%
35-44	82	18	100
45-54	86	14	100
55-64	87	13	100
65 and older	86	14	100
Not ascertained	80	20	100
Family Income Quintiles			
First	54	46	100
Second	56	44	100
Third	70	30	100
Fourth	88	12	100
Fifth	93	7	100
Not ascertained	81	19	100
Race of Respondents			
White	78	22	100
Black	58	42	100
Hispanic	48	52	100
Other	61	39	100
Not ascertained	50	50	100

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[1] Percents based only upon those who either own or are buying or are renting (3516 cases).

TABLE III-4

HOUSING STRUCTURE OCCUPANCY

		Housing Structure					
	Total Incidence	Single Family House	Mobile/ Home Trailer	Single Unit[1]	Condominium[2]	Apartment or other	Total
Age							
Under 35	1288	62%	7%	21%	7%	3%	100%
35-44	593	84	3	11	2	*	100
45-54	521	85	5	7	2	1	100
55-64	531	81	3	12	3	1	100
65 or older	634	80	4	12	3	1	100
Not ascertained	5	60	*	20	20	*	100
	3572						
Income							
Less than $7,500	542	61	7	23	7	2	100
$7,500-14,999	796	66	6	18	8	2	100
$15,000-24,999	933	80	6	10	3	1	100
$25,000 or more	779	89	3	6	1	1	100
Not ascertained	522	75	2	19	3	1	100
	3572						
Race							
White	2876	78	6	11	4	1	100
Black	573	64	1	27	6	2	100
Hispanic	98	46	1	39	11	3	100
Other	17	61	*	22	5	12	100
Not ascertained	8	13	25	12	*	50	100
	3572						

TABLE III-4 (continued)

		Housing Structure					
Instalment Debt[3]	Total Incidence	Single Family House	Mobile/ Home Trailer	Single Unit[1]	Condominium[2]	Apartment or other	Total
Zero	2110	74%	4%	16%	5%	1%	100%
1-199	57	75	5	11	4	5	100
200-499	119	71	5	19	2	3	100
500-999	137	69	8	19	3	1	100
1,000-1,999	199	75	6	13	4	2	100
2,000-2,999	147	71	10	12	4	3	100
3,000-3,999	132	82	3	6	5	4	100
4,000-4,999	110	80	5	10	4	1	100
5,000 or more	248	79	6	9	5	1	100
Not ascertained	313	79	3	13	3	2	100
	3572						
Net Assets[4]							
Less than 2,500	1209	63	7	20	7	3	100
2,500-4,999	265	77	5	12	5	1	100
5,000-9,999	221	83	3	10	3	1	100
10,000-29,999	400	83	3	10	3	1	100
30,000-49,999	125	88	1	8	2	1	100
50,000-99,999	170	92	1	5	1	1	100
100,000-199,999	86	94	1	4	1	*	100
200,000 and more	56	91	2	4	3	*	100
Not ascertained	1040	77	4	14	3	2	100
	3572						
Number of families		2676	174	516	150	56[5]	3572

*Less than .5 percent

[1] Single unit of a multifamily structure excluding apartment type condominium.

[2] Apartment condominium.

[3] Excludes mortgage debt and credit cards.

[4] Excludes home value.

[5] Includes six which could not be fully ascertained.

TABLE III-5

HOUSING TRANSACTIONS BY DEMOGRAPHIC CHARACTERISTICS

(Dwelling purchased in 1977, 1978)

	Single Family House		One unit of Multifamily Structure[1]		Mobile Home		Total	
	New	Used	New	Used	New	Used	New	Used
Age								
Under 35	61%	64%	100%	58%	58%	69%	61%	63%
35-44	18	23	*	26	11	17	16	23
45-54	4	9	*	5	8	7	5	9
55-64	9	2	*	11	15	*	11	3
65 or older	8	2	*	*	8	7	7	2
Not ascertained	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%
Education								
0-8 grades	8%	5%	*%	11%	15%	10%	10%	6%
9-11	9	11	*	11	23	14	13	11
High school	19	19	*	42	35	34	23	22
High school plus non-academic training	15	18	*	21	19	14	16	18
Some college	16	24	100	10	*	14	13	22
B.A. or advance degree	33	23	*	5	8	14	25	21
Total	100%	100%	100%	100%	100%	100%	100%	100%

TABLE III-5--continued

	Single Family House		One unit of Multifamily Structure		Mobile Home		Total	
	New	Used[2]	New	Used[2]	New	Used[2]	New	Used[2]
Life Cycle Family Head								
Under 45 years								
Unmarried, no children	3%	6%	*	16%	10%	14%	5%	8%
Married								
No children	21	19	*	24	21	31	20	20
Youngest child								
under 6 years	41	40	50	16	24	28	37	38
6 years & older	10	15	*	8	7	9	8	14
45 years & over								
Married								
Children	4	6	*	8	7	*	5	6
No children, in labor force	6	4	*	8	3	6	5	4
No children, retired	6	2	*	*	*	6	4	3
Unmarried, no children	1	*	*	4	4	*	2	*
In labor force	1	1	*	4	4	3	2	1
Retired	1	*	*	4	10	*	4	*
Any age, unmarried, children	6	7	50	8	10	3	8	6
Not ascertained	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%
Number of families making purchases	72	343	2	25	29	35	103	403[3]
Purchases as a percent of 3572 respondents	2	10	*	1	1	1	3	11

*Less than .5 percent

[1] Includes condominiums.

[2] Used dwellings are those that have had previous owners.

[3] Includes 3 respondents who claimed to have made a purchase but for whom a housing structure was not specified.

TABLE III-6

HOUSING TRANSACTIONS AND FINANCIAL CHARACTERISTICS

	Single Family House		Single Unit[1]		Mobile Home/ Trailer		Total	
	New	Used	New	Used	New	Used	New	Used
Income								
Less than $7,500	2%	5%	*%	5%	19%	14%	6%	6%
$7,500-14,999	10	16	*	10	19	42	13	17
$15,000-24,999	36	41	*	45	50	31	39	40
$25,000 and more	45	31	*	10	4	10	33	29
Not ascertained	7	7	100	30	8	3	9	8
Total	100%	100%	100%	100%	100%	100%	100%	100%
Net Assets[2]								
Less than $2,500	28%	39%	*%	20%	35%	56%	30%	40%
$2,500-4,999	10	11	*	5	15	10	12	11
$5,000-9,999	4	10	*	5	4	7	4	9
$10,999-29,999	16	10	*	25	*	10	12	11
$30,000-49,999	5	3	*	*	*	*	3	3
$50,000-99,999	9	5	*	*	*	3	6	4
$100,000-199,999	5	2	*	*	*	*	3	2
$200,000 and more	2	3	*	5	*	*	1	2
Not ascertained	21	17	100	40	46	14	29	18
Total	100%	100%	100%	100%	100%	100%	100%	100%
Instalment Debt[3]								
Zero	46%	41%	100%	65%	46%	38%	47%	42%
1-199	2	2	*	*	*	*	1	2
200-499	5	5	*	10	4	10	4	5
500-999	5	5	*	5	8	7	5	5
1,000-1,999	12	7	*	5	8	10	11	7
2,000-2,999	4	5	*	*	11	3	7	5
3,000-3,999	3	9	*	5	4	*	3	8
4,000-4,999	3	3	*	*	4	7	3	3
5,000 and more	13	11	*	5	15	11	14	11
Debt less than zero	7	12	*	5	*	14	5	12
Total	100%	100%	100%	100%	100%	100%	100%	100%

---

[1] Single unit of multifamily structure, includes comdominiums.

[2] Excludes home value.

[3] Excludes mortgage debt and credit card debt.

*Less than .5 percent.

other asset group during the period of investigation. The overall purchase of used dwellings relative to new for the period occurred roughly in the ratio of three to one.

Table III-7 presents the distributions of the original cost of single family houses and current market values of homes for those families who owned or were buying this type of dwelling at the time the survey was conducted. The table also includes total (undiscounted) remaining mortgage payments for this group. Nearly 40 percent of the sample reported an original cost between $20,000 and $50,000. However, as might be expected, given the inflationary environment of recent years, the distribution of current value is centered at a higher level. Approximately 66 percent of the single family houses owned or being purchased by the families surveyed, had a current value between $30,000 and $75,000. Only 25 percent of the same single family houses were purchased at an original cost between $30,000 and $75,000.

Another point of interest is the distribution of current home values across the four states under investigation. Lower valued homes tended to be concentrated in Louisiana and Arkansas, while higher valued homes tended to be concentrated in Wisconsin and Illinois. This is consistent with the empirical observation that housing is generally more costly in northern metropolitan areas, relative to similar demographic areas in the south.

Ownership of Other Property

Table III-8 presents the distribution of ownership of property other than the prinicpal dwelling. Twenty percent of the total families surveyed owned other property. Arkansas had the largest percentage

TABLE III-7

SINGLE FAMILY HOUSE: VALUE AND COST

	Wisconsin	Illinois	Arkansas	Louisiana	Total
Original Cost[1]					
Less than $5,000	3%	3%	5%	14%	6%
$5,000-9,999	6	8	12	19	11
$10,000-14,999	14	12	17	19	15
$15,000-19,999	17	18	17	13	16
$20,000-24,999	12	11	10	7	10
$25,000-29,999	9	11	7	5	8
$30,000-49,999	24	24	15	12	20
$50,000-74,999	7	6	2	3	5
$75,000-99,999	1	*	1	*	1
$100,000 and more	1	*	3	*	1
Not ascertained	6	7	11	8	7
Total	100%	100%	100%	100%	100%
Current Market Value of House[1]					
Less than $5,000	*	*	1%	1%	*
$5,000-9,999	*	*	1	3	1
$10,000-14,999	*	*	3	3	1
$15,000-19,999	1	*	6	5	3
$20,000-24,999	2	2	8	8	5
$25,000-29,999	4	5	12	7	6
$30,000-49,999	43	41	39	30	39
$50,000-74,999	31	38	13	24	27
$75,000-99,999	10	6	2	5	6
$100,000 and more	5	2	6	2	4
Not ascertained	4	6	9	12	8
Total	100%	100%	100%	100%	100%
Total Payments Remaining on Mortgage[2]					
Less than $5,000	7%	6%	7%	15%	8%
$5,000-9,999	4	10	5	6	6
$10,000-14,999	5	4	9	11	7
$15,000-19,999	5	5	9	8	7
$20,000-24,999	6	6	6	4	6
$25,000-29,999	4	4	5	7	4
$30,000-49,999	15	15	16	12	15
$50,000-74,999	17	14	13	12	14
$75,000-99,999	14	12	10	5	11
$100,000 and more	17	17	13	12	15
Not ascertained	6	7	7	8	7
Total	100%	100%	100%	100%	100%

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[1] Based upon those who own, or were buying, a single family house.

[2] Total payments are undiscounted and are based upon those who owned or were buying, who lived in a single family house, and who had a first mortgage, N=1362.

*Less than .5 percent.

TABLE III-8

OWNERSHIP OF PROPERTIES OTHER THAN HOME

	WI	IL	AR	LA	All
Percent owning "other property"	22%	12%	26%	22%	20%
Percent not owning	78	88	74	78	80
Total	100%	100%	100%	100%	100%
Number of families owning "other property"	219	119	202	167	707

Value of "other property" held (N=707)					
4,999 or less	10%	13%	8%	12%	10%
$5,000-14,999	22	14	24	19	21
$15,000-29,999	14	11	15	14	14
$30,000-74,999	26	29	19	15	22
$75,000 or more	17	9	19	11	15
Not ascertained	11	24	15	29	18
Total	100%	100%	100%	100%	100%

(26%) of families reporting the ownership of other property, while Illinois had the smallest percentage at 12 percent.

Property values of holdings were fairly evenly distributed over the range of $5,000 to $75,000. This relationship is fairly stable on a state by state basis as well.

B. Mortgages and Home Refinancing

Characteristics of Mortgages and Home Refinancing Arrangements

Forty two percent of all families had first mortgages in 1979 (Table III-9). A larger proportion (50%) of consumers in Wisconsin had mortgages while a smaller proportion (34%) of consumers in Arkansas had first mortgages. Six percent of those with first mortgages had second mortgages. The same porportion had refinanced first mortgages.[1] Wisconsin had the largest proportion of consumers refinancing and incurring second mortgages among the markets surveyed. Although only 28 percent of the households sampled were in Wisconsin, 33 percent of mortgages, 46 percent of second mortgages, and 41 percent of refinancings were reported in that state (Table III-10). Refinancings and second mortgages provide alternative sources of funds for more Wisconsin consumers than for consumers in the other three markets. Mortgage lending became a more important source of credit because of consumer credit restrictions.

Sixty-five percent of households with second or refinanced mortgages responded that they used the proceeds for financing repairs, home improvements, additions and remodelling (Table III-11).[2] The next most frequently given reason for taking on a second mortgage was to obtain a downpayment for the purchase of a home. During periods of tight credit

TABLE III-9

INCIDENCE OF MORTGAGES AND REFINANCING WITHIN MARKETS

Market	Have a First Mortgage	Have a Second Mortgage	Refinanced Mortgage
Wisconsin	50%	8%	7%
Illinois	41%	5%	6%
Arkansas	44%	4%	5%
Louisiana	34%	4%	4%
All	42%	6%	6%

TABLE III-10

INCIDENCE OF MORTGAGES AND REFINANCING AMONG MARKETS

Market	Sample Population		Have First Mortgage		Have Second Mortgage		Refinanced Mortgage	
	N	%	N	%	N	%	N	%
Wisconsin	1006	28%	498	33%	39	46%	36	41%
Illinois	1030	29%	418	27%	21	24%	23	26%
Arkansas	787	22%	344	23%	15	18%	17	20%
Louisiana	749	21%	255	17%	10	11%	11	13%
All	3572	100%	1515	100%	85	100%	87	100%

TABLE III-11

REASONS FOR INCURRING SECOND MORTGAGES

Reason	N	Percent of Responses[1]	Percent of Respondents
Downpayment for home	15	14%	17%
Repairs/home improvements	33	30	39
Additions/ remodelling	22	20	26
Pay expenses[2]	10	9	12
Refinance 1st mortgage	4	4	5
Other	6	6	7
Not ascertained	18	17	21
All responses	108	100%	
All respondents	85		

[1] Respondents were given the opportunity to report up to two reasons for taking on a second mortgage. Column three will add to more than 100%.

[2] Expenses include bills, taxes, and living, medical or educational expenses.

(especially in states with low rate ceilings), the differences between the first mortgage and purchase price of the home grows larger. This gap can be filled by a second mortgage. Thus, second mortgage lending will probably vary with indicators of credit supply conditions. Evidence of this phenomenon is shown in Table III-12. Nearly three-quarters of all second mortgages reported had been incurred since 1975 with 46 percent taken on since 1978. In Illinois, only 38 percent of all second mortgage funds were used for home additions and repairs, while 58 percent of these funds were used for additions and repairs to the home in the other three markets (Table III-13). Similarly, 49 percent of all reasons given for refinancing first mortgages related to making improvements and/or additions to the home (Table III-14). Only 14 percent of the responses given concerned obtaining a lower rate of interest on or paying off a first mortgage. Only one-quarter of the old mortgages which were refinanced carried rates in excess of eight percent (Table III-15). Not surprisingly, only five percent of the reasons offered by respondents from Arkansas related to lower interest rates (Table III-14). Their ten percent interest rate ceiling results in little variation in interest rates.

Savings and loans supplied 40 percent of mortgage loans, the largest percentage among all lenders (Table III-16). Banks and mortgage companies each supplied 24 percent of these loans. In contrast, banks provided 39 percent of all second mortgages, while savings and loans contributed 18 percent. Finance companies, the third most common source of second mortgage funds, supplied 14 percent. Interestingly, mortgage companies were the dominant mortgage lenders in Arkansas, providing 44 percent of all first mortgages (Table III-17). Banks and savings and loans together

TABLE III-12

INCIDENCE OF SECOND AND REFINANCED MORTGAGES BY YEAR INCURRED

Year	Second Mortgage	Refinanced Mortgage
1960 or earlier	*	3%
1961-66	3	14
1967-70	5	7
1971-73	3	14
1974-75	10	18
1976-77	26	28
1978-79	46	15
Not ascertained	7	1
All	100%	100%

*Less than .5 percent.

TABLE III-13

REASONS FOR INCURRING SECOND MORTGAGE BY MARKET

Reason	WI	IL	AR	LA
Downpayment for second home	17%	10%	11%	17%
Reapirs/home improvements	31	35	26	25
Additions/remodelling	21	3	37	33
Pay expenses[1]	9	17	*	8
Refinancing 1st mortgage	2	*	5	17
Other	10	*	5	*
Not ascertained	10	35	16	*
	100%	100%	100%	100%

---

*Less than .5 percent.

[1] Expenses include bills, taxes and living, medical or educational expenses.

TABLE III-14

REASONS FOR FIRST MORTGAGE REFINANCING BY MARKET[1]

Reasons	WI	IL	AR	LA	All
Downpayment on second house	11%	*	5%	7%	7%
Appliance/durable purchase	*	*	*	8	1
Repairs/home improvements	14	23	40	31	24
Additions/remodelling of house	22	36	20	23	25
Other debts	14	14	10	8	12
Lower interest rate/ or pay off first mortgage	17	18	5	15	14
Other	22	9	20	8	17
All	100%	100%	100%	100%	100%
Number of responses	36	22	20	13	91

[1] Respondents were given the opportunity to mention two reasons for refinancing. Percentages are in terms of responses, excluding those for which a response could not be ascertained.

TABLE III-15

FIRST MORTGAGE REFINANCING

Rate of Interest (%) On Old Mortgage at Time of Refinancing	WI	IL	AR	LA	All
2.00 or less	*	4%	*	*	1%
2.01 - 4.00	3	9	6	9	6
4.01 - 6.00	25	44	41	18	32
6.01 - 8.00	14	13	12	18	14
8.01 - 12.00	44	13	18	9	26
Not ascertained	14	17	23	46	21
Total	100%	100%	100%	100%	100%

*Less than .5 percent.

TABLE III-16

DISTRIBUTION OF FIRST AND SECOND MORTGAGES BY SOURCE

Source	First Mortgage	Second Mortgage
Bank	24%	39%
Savings and loan	40	19
Insurance company	2	*
Credit union	1	*
Finance company	2	14
Other	2	3
FHA/other government agency	1	6
Mortgage company	24	6
Individual	3	5
Not ascertained	1	8
All	100%	100%
Number of families	1515	85

*Less than .5 percent

TABLE III-17

DISTRIBUTION OF FIRST MORTGAGES BY SOURCE AND MARKET

Source	WI	IL	AR	LA
Bank	33%	26%	13%	20%
Savings and loan	48	35	30	45
Insurance company	*	*	3	2
Credit union	2	1	*	3
Finance company	1	1	2	5
Other	1	2	3	3
FHA/other government agency	1	1	1	1
Mortgage company	11	29	44	15
Individual	3	4	3	4
Not ascertained	*	1	1	2
All	100%	100%	100%	100%

*Less than .5 percent

supplied 43 percent of first mortgages in that state. However, mortgage companies averaged only 18 percent of first mortgages in all other markets, while banks and savings and loans together averaged 69 percent of all first mortgages in Wisconsin, Illinois, and Louisiana. In particular, banks and savings and loans provided over 80 percent of first mortgages in Wisconsin. The variation in suppliers of first mortgages among the markets again reflects the regulatory environment and credit supply conditions. Mortgage rate ceilings are relatively lower in Illinois, Louisiana, and Arkansas than in Wisconsin.[3] Banks and savings and loans in the more restricted states were more selective and mortgage companies played a larger role in these markets.

The financial characteristics of first and second mortgage among markets also reflects the differences in regulatory environment. More respondents tended to have larger first mortgage extensions and monthly payments in Wisconsin and Illinois than in Louisiana and Arkansas (Table III-19). Interest rates on first mortgages also tended to be higher for more respondents in Wisconsin. Interestingly, downpayments were also higher in Wisconsin and Illinois (Table III-20).

Because of the small number of second mortgage commitments reported, few observations can be made about the variation of size characteristics of second mortgages among markets. Fifty-three percent of second mortgages taken out in Illinois exceeded $5000 while the proportion of second mortgages of this size in the other three markets averaged 42 percent (Table III-21). Monthly payments on second mortgages were considerably smaller in Wisconsin than in any of the other states. Sixty-one percent of monthly payments on second mortgages in that state were less than $100 per month. Also a larger proportion of second

TABEL III-18

DISTRIBUTION OF SECOND MORTGAGES BY SOURCE AND MARKET

Source	WI	IL	AR	LA
Bank	31%	43%	60%	30%
Savings and loan	23	5	20	30
Insurance company	*	*	*	*
Credit union	*	*	*	*
Finance company	15	14	*	30
Other	5	*	*	10
FHA/other government agency	13	*	*	*
Mortgage company	5	14	*	*
Individual	5	*	13	*
Not ascertained	3	24	7	*
All	100%	100%	100%	100%

*Less than .5 percent.

TABLE III-19

SIZE CHARACTERISTICS OF FIRST MORTGAGES BY MARKET

Size of First Mortgage at Extension	WI	IL	AR	LA	All
$10,000 or less	11%	7%	15%	22%	13%
$10,001-20,000	38	36	44	40	39
$20,001-30,000	24	26	21	15	22
$30,001-40,000	14	18	10	11	14
$40,001 or more	8	7	5	8	7
Not ascertained	5	6	5	4	5
All	100%	100%	100%	100%	100%
Monthly Payments on First Mortgage					
$100 or less	8%	5%	20%	20%	12%
$101-150	19	18	25	29	22
$151-200	19	22	18	18	19
$201-250	16	14	10	9	13
$251-300	13	12	11	9	12
$301 or more	22	25	14	11	19
Not ascertained	3	4	2	4	3
All	100%	100%	100%	100%	100%
Annual Interest Rate on First Mortgage					
≤ 6%	15%	17%	22%	16%	17%
6.01-8.00	25	28	22	18	24
8.01-10.00	47	40	41	35	42
10.01 or more	4	4	3	9	5
Not ascertained	9	11	12	22	12
All	100%	100%	100%	100%	100%

TABLE III-20

DOWNPAYMENTS ON HOMES BY MARKET

Downpayment	WI	IL	AR	LA	All
$5,000 or less	1%	1%	3%	4%	2%
$5,000-10,000	3	3	8	14	6
$10,001-15,000	16	10	20	24	17
$15,001-30,000	37	45	41	31	39
$30,001-45,000	26	26	16	15	22
$45,001 or more	14	12	8	8	11
Not ascertained	3	3	4	4	3
All	100%	100%	100%	100%	100%

TABLE III-21

SIZE CHARACTERISTICS OF SECOND MORTGAGES BY MARKET

Size of second mortgage at extension	WI	IL	AR	LA	All
$2,500 or less	10%	6%	22%	10%	11%
$2,501-5,000	39	24	36	40	35
$5,001-10,000	26	41	14	20	26
$10,000 or more	15	12	21	30	18
Not ascertained	10	17	7	*	10
All	100%	100%	100%	100%	100%
Monthly payments on second mortgage					
$50 or less	23%	*	7%	*	12%
$51-100	39	29	36	30	35
$101-$150	8	23	36	20	18
$151-200	5	12	14	20	9
$201-250	10	18	*	10	10
$251-300	*	6	7	*	3
Not ascertained	15	12	*	20	13
All	100%	100%	100%	100%	100%
Annual interest rate on second mortgage					
≤ 6%	21%	6%	*	*	9%
6.01-8.00	5	6	36	10	11
8.01-12.00	46	53	57	30	48
12.01-16.00	5	6	*	*	4
16.01-20.00	5	6	*	20	8
Not ascertained	18	23	7	40	20
All	100%	100%	100%	100%	100%

*Less than .5 percent

mortgages were considerably smaller in Wisconsin than in any of the other states. Sixty-one percent of monthly payments on second mortgages in that state were less than $100 per month. Also a larger proportion of second mortgages in Wisconsin carried interest rates of six percent or less than in any of the other markets.

It is also interesting to note the relationship between annual mortgage interest rates and the year in which the mortgage contract was arranged (Table III-22). A larger proportion of the mortgages reported carrying higher rates were incurred in recent years while the proportion of all mortgages which were incurred in recent years was not significantly different than proportions incurred in earlier years. For example, only five percent of mortgages with rates of less than five percent had been extended since 1975, but half of the mortgages reported had been extended since that date. Sixty-eight percent of all mortgages with rates of 12 percent or more were extended since 1975. A similar pattern was reported for interest rates on second mortgages. The proportion of second mortgages extended in recent years of all second mortgages reported is larger than the proportion of second mortgages extended in earlier years, but the incidence of recent seconds carrying higher rates is even larger.

Characteristics of the local mortgage markets presented here reflect the impact of regulation on consumer and mortgage lending. The incidence of second mortgages and mortgage refinancings appeared to be related to credit supply conditions in the market. With the restricted supply of consumer credit in Wisconsin, mortgage lending became an important source of credit. Second and refinanced mortgages were less frequently used sources of credit for consumers in the less restricted consumer

TABLE III-22

FIRST AND SECOND MORTGAGE INTEREST RATES[1]

Year first mortgage incurred	Less than 5	5-5.99	6-6.99	7-7.99	8-9.99	10-11.99	12 or more	Not Ascertained	Total
1977 or earlier	9%	2%	2%	4%	1%	4%	3%	5%	3%
1956-60	25	16	10	3	1	*	*	5	5
1961-66	47	53	34	10	3	4	5	13	14
1967-70	9	16	31	21	7	7	3	13	13
1971-73	5	8	9	37	10	3	8	14	13
1974-75	*	3	2	13	22	6	13	12	13
1976-77	*	*	9	8	34	21	36	25	22
1978-79	5	2	3	4	22	55	32	13	17
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Year second mortgage incurred									
1961-66	17%	*	25%	*	*	*	*	*	3%
1967-70	33	*	*	67	*	*	*	*	5
1971-73	33	*	*	0	*	*	*	*	3
1974-75	17	*	50	0	20	7	*	6	10
1976-77	*	*	*	0	40	27	35	25	26
1978-79	*	100	25	33	33	66	60	44	46
Not ascertained	*	*	*	*	7	*	5	25	7
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Less than .5 percent.

[1] Approximate annual rates as given by the respondent.

credit markets of Illinois, and Louisiana. The terms of mortgage contracts also varied with regulatory characteristics of the four markets. First mortgage extensions and monthly payments were larger in Wisconsin and Illinois than in Louisiana and Arkansas.

Characteristics of Households with Mortgages and Refinancing Arrangements

The consumer who has a first mortgage and wants to borrow funds for making expenditures has several different credit vehicles to choose from: consumer loan, second mortgage or refinanced first mortgage. The decision among these credit alternatives depends upon the relative costs of each For some consumers, a consumer loan may be more costly to obtain than a second mortgage because of supply conditions in the market. Although credit may be tight in a highly restricted market, a consumer with a first mortgage may be able to borrow more easily against home equity. Then, the choice of credit sources is between incurring a second mortgage or refinancing the first mortgage. Again, this decision depends on the relative marginal costs of the funds under the two alternatives. These costs depend not only on the interest on the borrowed funds, but also on the other terms, such as size, maturity, and transactions costs of the contract. Also, as previously noted, there may be legal restrictions on the use of funds obtained through a second mortgage.

Tables III-23 and III-24 provide demographic characteristics of consumers who had second mortgages and those who had refinanced first mortgages. Nearly half of all homeowners with second mortgages were under 35 years of age, while one-third of all homeowners who refinanced their first mortgages were 45 to 54 years of age (Table III-23). Homeowners who had completed education beyond high school made up a larger

TABLE III-23

INCIDENCE OF MORTGAGES AND MORTGAGE REFINANCING BY DEMOGRAPHIC CHARACTERISTICS OF HOUSEHOLD HEAD

	First Mortgage	Second Mortgage	Refinancing First Mortgage	All Responding
Age				
Under 35	35%	42%	17%	36%
35-44	29	26	21	17
45-54	20	19	33	15
55-64	11	9	16	15
65 and over	5	4	13	17
Not ascertained	*	*	*	*
All	100%	100%	100%	100%
Race				
White	84%	78%	79%	81%
Black	12	14	17	16
Other[1]	4	8	4	3
All	100%	100%	100%	100%
Education				
0-8 grades	8%	5%	12%	16%
9-12 grades	12	13	17	15
High school plus non-academic training	38	47	32	36
Some college	20	15	19	17
B.A. or advanced degree	22	20	20	16
Not ascertained	*	*	*	*
All	100%	100%	100%	100%
Number of cases	1515	85	87	3572

*Less than .5 percent

[1] Other includes Hispanics, Oriental, American Indians, and other ethnic groups.

TABLE III-24

INCIDENCE OF MORTGAGES AND MORTGAGE REFINANCING BY LIFE CYCLE CHARACTERISTICS OF HOUSEHOLD HEAD

Life Cycle	First Mortgage	Second Mortgage	Refinancing First Mortgage	All Responding
Under 45 years				
Unmarried, no children	4%	1%	*	10%
Married				
No children	12	10	9	9
Youngest child under 6 years	32	44	24	22
6 years & older	13	11	8	7
45 years & over				
Married				
Children	14	17	28	11
No children	1	1	*	1
Head in labor force	10	3	16	11
Head retired	3	1	5	7
Unmarried, no children	1	*	1	3
Head in labor force	2	3	1	4
Head retired	1	1	1	6
Any age, unmarried, children	7	8	7	9
Other	*	*	*	*
Total	100%	100%	100%	100%

*Less than .5 percent.

education beyond high school made up a larger proportion of those incurring second mortgages than those refinancing first mortgages. Eighty-two percent of respondents with second mortgages had education beyond high school, while only 71 percent of respondents refinancing had attained that level of education. Fifty-five percent of homeowners with second mortgages were young married couples with children, while 17 percent were older couples with children (Table III-24). In contrast, only 32 percent of homeowners who refinanced first mortgages were young married couples with children and 28 percent were older couples with children.

Table III-25 provides financial characteristics of homeowners. Interestingly, the incidence of second mortgages and refinancings does not differ significantly among income groups. The incidence of refinancing was only slightly higher among low income homeowners while the incidence of second mortgages was only slightly higher among middle income homeowners. A larger proportion of those having second mortgages had installment debt (and a much larger proportion did not report the value of that debt) than did homeowners refinancing their first mortgages.

The ratio of the current value of the home to the value of the first mortgage at extension can be used as a measure of the amount of equity the homeowner has accumulated. Table III-26 shows the relationship between this measure of equity and the incidence of second mortgages and refinancings. Of those refinancing rather than incurring a second mortgage, 47 percent had a home with a current market value three to five times larger than their first mortgage. Seventy-one percent of homeowners incurring second mortgages had homes with a current market value only one to three times their first mortgage. These data indicate that older

TABLE III-25

INCIDENCE OF MORTGAGES AND MORTGAGE REFINANCING BY FINANCIAL CHARACTERISTICS OF HOUSEHOLD

Income	First Mortgage	Second Mortgage	Refinancing First Mortgage	All Respondents
Less than $7,500	4%	3%	6%	15%
$7,500-14,999	15	15	16	22
$15,000-24,999	36	39	33	26
$25,000 or more	35	36	37	22
Not ascertained	10	7	8	15
All	100%	100%	100%	100%
Net Assets[1]				
Less than $2,500	28%	39%	21%	32%
$2,500-4,999	10	7	16	7
$5,000-9,999	9	7	6	6
$10,000-29,999	14	13	11	11
$30,000-49,999	4	*	5	3
$50,000-99,999	5	5	7	5
$100,000-199,999	2	4	2	2
$200,000 or more	2	1	2	2
Not ascertained	26	24	30	32
All	100%	100%	100%	100%
Total Instalment Debt (excludes mortgage debt)				
Zero	42%	32%	44%	59%
$1-199	1	4	*	2
$200-499	4	3	1	3
$500-999	5	1	2	4
$1,000-1,999	8	4	7	6
$2,000-2,999	6	4	6	4
$3,000-3,999	6	7	3	4
$4,000-4,999	5	4	6	3
$5,000 or more	11	15	13	7
Not ascertained	12	26	18	8
All	100%	100%	100%	100%

TABLE III-25--continued

Market Value of Home	First Mortgage	Second Mortgage	Refinancing First Mortgage	All Respondents
Less than $5,000	1%	3%	*	1%
$5,001-9,999	1	*	*	1
$10,000-14,999	2	*	2	2
$15,000-19,999	3	3	1	2
$20,000-24,9999	4	5	4	4
$25,000-29,999	7	9	6	5
$30,000-49,999	39	47	31	27
$50,000-74,999	29	20	33	19
$75,000-99,999	7	7	7	4
$100,000 or more	4	5	8	3
Not ascertained	3	1	8	5
Not applicable	*	*	*	27
All	100%	100%	100%	100%

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[1] Net assets include value of all financial assets except the value of the home.

[2] All respondents owning homes.

TABLE III-26

INCIDENCE OF REFINANCING AND SECOND MORTGAGE BY MEASURE[1] OF HOME EQUITY

[1] Ratio of Current Home Value to Value of First Mortgage at Extension	Refinancing First Mortgage Only	Second Mortgage Only	Both Second Mortgage and Refinancing	All[2]
Less than 1	*	2%	*	4%
1-3	28	71	40	70
3.01-5	47	15	50	20
5.01-7	5	3	*	3
7.01=10	4	2	10	2
10.01-15	*	2	*	*
15.01-20	1	*	*	1
20.01 or more	*	*	*	*
Not ascertained	15	5	*	*
All	100%	100%	100%	100%
Number of cases	75	65	10	1515

*Less than .5 percent

[2] All respondents who had first mortgages.

homeowners with mature mortgages, who have acquired large equities, refinanced more frequently than they took on second mortgages. Also, younger homeowners and/or homeowners with recent mortgages tended to take on second mortgages rather than refinancing their first mortgages. This observation could also be explained by the inability of some families to obtain sufficiently large first mortgages in recent years.

Refinancing was reported nearly twice as often as second mortgaging by homeowners with fewer than ten years remaining on their mortgages (Table III-27). Similarly, 43 percent of homeowners with second mortgages had 21 or more years left to pay while only 16 percent of those refinancing had as many years remaining on their first mortgages. The proportion of respondents refinancing decreased as the amount left to pay on first mortgages increased (Table III-28). The incidence of second mortgages increased at first with increased amounts left to pay and then declined at a slower rate than the occurence of refinancings at large remaining balances. Of those refinancing, 56 percent had less than $3,000 remaining, while of those incurring second mortgages, 42 percent had that amount remaining.

The interest cost of the loan is an important factor in determining the type of financing. Other things equal, homeowners with comparatively low interest rates on lengthy first mortgages would not refinance at a current, higher rate. Similarly, homeowners with little mortgage debt remaining at a high or moderate rate would choose to refinance an addition to their first mortgage rather than take out a seocnd mortgage at an even higher rate. Fifty-five percent of homeowners with second

TABLE III-27

INCIDENCE OF REFINANCING AND SECOND MORTGAGE BY YEARS REMAINING ON FIRST MORTGAGE

Years Remaining on First Mortgage	Refinancing First Mortgage Only	Second Mortgage Only	Both Second Mortgage & Refinancing	All[1]
Number				
Less than 5	26%	17%	11%	14%
6-10	16	6	45	14
11-15	15	12	33	13
16-20	20	17	11	16
21-25	12	25	*	17
26-30	4	18	*	20
31 or more	*	*	*	*
Not ascertained	7	5	*	6
All	100%	100%	100%	100%
Number of cases	75	65	10	1515

*Less than .5 percent

[1] All respondents who had a first mortgages.

TABLE III-28

INCIDENCE OF REFINANCING AND SECOND MORTGAGE BY AMOUNT LEFT TO PAY ON FIRST MORTGAGE

Left to Pay	Refinancing First Mortgage Only	Second Mortgage Only	Both Second Mortgage & Refinancing	All[1]
Less than $1001	31%	18%	40%	18%
$1001-$3000	25	24	30	26
$3001-$5000	17	21	20	15
$5001-$7000	15	17	10	12
$7001-$10000	4	12	*	14
$10001-$15000	4	5	*	8
$15001-$20000	3	*	*	3
$20001-$40000	1	3	*	2
$40001-$60000	*	*	*	*
$60000 or more	*	*	*	2
All	100%	100%	100%	100%
Number of cases	75	65	10	1515

*Less than .5 percent

[1] All respondents who had first mortgages.

mortgages had first mortgages at interest rates at or below eight percent (Table III-29). Fifty-six percent of those who refinanced were paying mortgage rates in excess of eight percent.

In general, the survey data support the hypothesis that homeowners who seek to finance spending with home equity evaluate the marginal cost differences between refinancing and second mortgaging for the maturity of their first mortgage, the amount they have left to pay, and the rate of interest on their first mortgage. These factors, in turn, are closely related to the demographic characteristics of homeowners, such as age of hosuehold head and life cycle status. Refinancing was done more often by older couples who had nearly paid off their first mortgages, while the second mortgages were taken on by young couples with children, those with new mortgages and larger amounts of outstanding debt.

TABLE III-29

INCIDENCE OF REFINANCING AND SECOND MORTGAGES BY REPORTED ANNUAL PERCENTAGE INTEREST RATE ON FIRST MORTGAGE

Reported Interest Rate	Refinancing First Mortgage Only	Second Mortgage Only	Both Second Mortgage & Refinancing	All[1]
Less than 6%	13%	23%	40%	17%
6.01-8.00	15	32	10	24
8.01-10.00	52	35	40	42
10.01-20.00	4	2	*	4
Not ascertained	16	8	10	13
All	100%	100%	100%	100%
Number of cases	75	65	10	1515

*Less than .5 percent.

[1] All respondents who had first mortgages.

C. Home Improvement Expenditures

The most common type of home improvement reported was general improvements to the home which accounted for 26 percent of all expenditures made (Table III-30). Thirty-six percent of households surveyed engaged in this type of expenditure. Repairs and major painting jobs each accounted for 19 percent of all expenditures.

Improvements were made less often in Louisiana and most often in Wisconsin (Table III-31). Repairs accounted for a larger than average proportion (23 percent) of expenditures in Louisiana, while in Wisconsin, repairs accounted for a smaller than average proportion (17 percent) of expenditures on home improvements. Additions were most common in Louisiana. There was little variation in the proportions of less common home improvement expenditures among the four markets.

The decision of the household to make home improvement projects depends not only upon the cost of the labor and materials, but also upon the cost and ease of obtaining financing to pay for expenditures. Twenty-three percent of all home improvement expenditures reported were financed by some sort of credit (Table III-32). This proportion did not vary significantly among Wisconsin, Arkansas, and Louisiana, but was higher in Illinois. It is interesting to note, however, that while approximately 39 percent of all families made expenditures (1,398 of the 3,572 respondents) the proportion of families within each market engaging in home improvements varied significantly. Fifty-two percent of the respondents in Wisconsin reported making expenditures, compared to only 28 percent. Thirty-six percent of those surveyed reported expenditures in both Illinois and Arkansas.[4]

TABLE III-30

HOME IMPROVEMENT EXPENDITURES BY TYPE

Type	N	Percent of Expenditures	Percent of Households
Repairs	368	19%	26%
Additions	169	9	12
Improvements	505	26	36
Major Painting Jobs	375	19	27
Major Decorating Jobs	155	8	11
Heating and Central Air conditioning	103	5	7
Built-in Kitchen	50	3	4
Other Home Improvements	7	*	1
Combination Home Improvements	6	*	*
Hot Water Heater	19	1	1
Landscaping	38	2	3
Multi-improvements	58	3	4
Patio, Fireplace, Deck	27	1	2
Carpeting (Installation only)	78	4	6
Not ascertained	5	*	*
All expenditures[1]	1,963	100%	140%
All respondents	1,398		

---

*Less than .5 percent

[1] Respondents were given the opportunity to mention up to two home improvement expenditures. Of the 3572 respondents, 1398 made 1963 purchases.

TABLE III-31

HOME IMPROVEMENT EXPENDITURES BY TYPE AND MARKET

Type	WI	IL	AR	LA
Repairs	17%	18%	21%	23%
Additions	7	8	7	16
Improvements	30	29	20	15
Major painting jobs	18	20	22	18
Major decorating jobs	9	8	6	6
Heating and central air conditioning	5	6	6	3
Built-in kitchen	3	1	4	3
Other home improvements	*	1	*	*
Combination home improvements	1	*	*	1
Hot water heater	1	1	2	*
Landscaping	2	3	1	1
Multi - improvements	3	2	4	4
Patio, deck, fireplace	1	1	1	3
Carpeting (installation only)	3	2	6	7
Not ascertained	*	*	*	*
All expenditures[1]	100%	100%	100%	100%

---

*Less than .5 percent.

[1] Respondents were given the opportunity to mention up to two home improvement expenditures. Of the 3572 respondents, 1398 made 1963 purchases.

TABLE III-32

HOME IMPROVEMENT EXPENDITURES BY MARKET: 1977 and 1978

		WI	IL	AR	LA	All
(1)	Total number of expenditures made by families	761	529	406	267	1963
(2)	Total number of families making expenditures	525	376	290	207	1398
(3)	Total number of families sampled by state	1006	1030	787	749	3572
(4)	Total number of expenditures which used credit[2]	170	138	87	57	452
(4)÷(1)	Percent of total number of expenditures by state	22%	26%	21%	21%	23%
(5)	Total number of expenditures which used a credit card or charge account	75	59	38	32	195
(5)÷(1)	Percent of total number of expenditures by state	10%	11%	9%	9%	10%
(5)÷(4)	Percent of number of credit expenditures which used credit card by state	44%	43%	44%	40%	43%
(6)	Average dollar expenditure[1]	$1332.	$1289.	$1464.	$1632.	$1389.

[1] While there were 1963 reported expenditures, a dollar expenditure amount was reported for only 1925. These average dollar expenditure amounts are based upon the latter, Wisconsin N=755, Illinois N=514, Arkansas N=395, Louisiana N=261.

[2] Includes expenditures made with credit cards, charge accounts, or loans, or combinations of these types of credit.

The proportions of expenditures made on a credit card or charge account averaged 43 percent. More than 90 percent of all purchases made cost less than $5,000 (Table III-33). Over half of the expenditures were under $500. The size of the expenditures varied somewhat among markets. Fifty-seven percent of the total number of expenditures made in Louisiana were greater than $500, the largest proportion of expenditures in this price range among all markets. The amount financed varied significantly among markets. Smaller amounts were financed more often in the restricted markets, Wisconsin and Arkansas, while larger amounts were more often financed in the less restricted markets, Illinois and Louisiana. The average amount borrowed among all respondents borrowing was $2,697. Consumers in Louisiana borrowed an average of $3,413, while in Wisconsin consumers averaged $2,380 of borrowing to pay for expenditures on home improvements (Table III-34).

Banks and savings and loans were the predominant lenders in all markets (Table III-34). The variation of market share of banks among the variously regulated markets is evident. Only 27 percent of the dollars loaned for home improvements was provided by banks in Wisconsin. In contrast, Illinois and Louisiana banks averaged 50 percent of the funds loaned. Not only are smaller than average loans extended by banks in Wisconsin, but also a smaller than average number of loans were made by these institutions (Table III-35). It is interesting to note the large dollar share and large proportion of expenditures financed by banks in Arkansas, a state subject to ten percent usury ceiling. This is perhaps an indication that high risk borrowers are rationed out of the market and good risks borrow large dollar amounts. Credit unions were

TABLE III-33

HOME IMPROVEMENT EXPENDITURES AND AMOUNTS FINANCED BY MARKET: 1977 AND 1978

	WI	IL	AR	LA	All
Cost of improvement					
$250 or less	27%	31%	35%	24%	29%
$251-500	25	16	20	19	21
$501-1,000	18	19	16	22	18
$1,001-5,000	25	27	22	25	25
$5,001-10,000	3	4	3	7	4
$10,001 or more	1	1	1	1	1
Not ascertained	1	2	3	2	2
All	100%	100%	100%	100%	100%
Amounts financed					
$250 or less	5%	*	11%	3%	5%
$251-500	11	5	8	6	8
$501-1,000	22	14	13	13	17
$1,000-5,000	50	56	54	56	53
$5,001-10,000	8	14	6	16	10
$10,001 or more	1	*	2	3	1
Not ascertained	3	11	6	3	6
All	100%	100%	100%	100%	100%
Number of expenditures[1]	761	529	406	267	1963

*Less than .5 percent.

[1] Respondents were given the opportunity to mention two home improvement expenditures and whether credit was employed for either or both. This table treats each mention as a response. Therefore, incidence is in terms of the number of mentions made for both expenditures.

TABLE III-34

HOME IMPROVEMENT FINANCING: DOLLAR SHARES BY MARKET: 1977 AND 1978

Source	WI	IL	AR	LA	All
Bank/Savings and loan	27%	51%	56%	48%	44%
Dealer/store/ contractor	3	7	7	*	5
Finance or loan company	6	4	7	10	6
Credit Union	20	17	3	7	14
Employer	1	*	*	*	*
Individual	2	*	4	9	3
Other	*	*	*	2	*
Not ascertained	41	21	23	24	28
All	100%	100%	100%	100%	100%
Average dollar amount borrowed[1]	$2380	$2813	$2679	$3413	$2697

*Less than .5 percent.

[1] Average based upon only expenditures which were accompanied by financing of some sort. Total families reporting financing were Wisconsin N=95, I-linois N=75, Arkansas N=49, Louisiana N=31.

TABLE III-35

HOME IMPROVEMENT FINANCING: SHARE OF CREDIT EXPENDITURES BY MARKET: 1977 AND 1978

Source	WI	IL	AR	LA	All
Bank/savings and loan	34%	52%	62%	64%	49%
Dealer/store/contractor	8	12	19	4	11
Finance or loan company	10	7	5	11	8
Credit union	35	27	10	14	25
Employer	3	*	*	*	1
Individual	7	*	*	4	1
Other	1	*	2	3	3
Not ascertained	2	2	2	*	2
All	100%	100%	100%	100%	100%

[1] Respondents were given the opportunity to mention two home improvement expenditures. This table treats each response as if it were a single response of a single individual. A total of 212 mentions of credit source were made. Percents therefore reflect the proportion of the total number of mentions by state that each source represented. These percents are not necessarily reflective of dollar volume.

*Less than .5 percent.

the second largest lenders for home improvement expenditures, especially in Wisconsin and Illinois.

Of those expenditures made with credit cards or charge accounts rather than loans, 26 percent were made with bank cards alone and 68 percent were made with retail credit cards or charge accounts (Table III-36). The variation among the four markets in the use of bank cards and retail cards is quite distinct (Table III-37). In Wisconsin and Arkansas, an average of 15 percent of purchases were made with bank cards, while an average of 76 percent of purchases were made with retail cards or accounts. In contrast, in Illinois and Louisiana, an average of 41 percent of purchases were made with bank cards, while an average of 57 percent of purchases were made with store cards or accounts. In rate-restricted states, indirect lenders such as retailers typically provide a higher proportion of the credit because dealers can regain profits lost to usury ceilings through price increases and still provide financing.

An additional source of financing for home improvement expenditures is through mortgage obligations. Eight percent of home improvement expenditures were financed with a loan which was part of a first mortgage (Table III-38). Eleven percent of the purchases reported were financed as part of a second mortgage. Again, the variation among markets in the proportion of balances on loans for home improvements included in mortgage obligations is interesting (Table III-39). Much smaller proportions of expenditures were financed by mortgages in Illinois and Louisiana than in Wisconsin and Arkansas. The use of the second mortgage, particularly in Wisconsin, reflects the supply conditions of the restricted market, as borrowers seek alternative forms of financing to make expenditures.

TABLE III-36

TYPES OF CREDIT CARDS USED TO FINANCE HOME IMPROVEMENT EXPENDITURES

Credit Card	N	Percent of Expenditures	Percent of Respondents
Bank card	46	26%	30%
Bank and store card	10	6	7
Store card or account	119	68	76
All expenditures[1]	175	100%	113%
All respondents	155		

---

[1] Respondents were given the opportunity to mention two home improvement expenditures, so some consumers reported more than one purchase with credit cards. There were 155 respondents who purchased 175 home improvement items with credit cards.

TABLE III-37

TYPES OF CREDIT CARDS USED TO FINANCE HOME IMPROVEMENT EXPENDITURES BY MARKET

Credit card	WI	IL	AR	LA
Bank card	17%	43%	14%	39%
Bank and store cards	10	4	6	*
Store card or account	73	53	80	61
All expenditures[1]	100%	100%	100%	100%

---

[1] Respondents were given the opportunity to mention two home improvement expenditures, so some consumers reported more than one purchase with a credit card. This table is based upon the 175 responses of 155 consumers.

TABLE III-38

BALANCE OF LOANS FOR HOME IMPROVEMENT EXPENDITURES INCLUDED IN MORTGAGE OBLIGATIONS

Obligation	N	Percent of Expenditures	Percent Respondents
First mortgage	19	8%	8%
Second mortgage	29	11	12
Not included	206	81	88
All expenditures[1]	254	100%	108%
All respondents	235		

[1] Respondents were given the opportunity to mention two home improvement expenditures. Of the 3572 respondents, 235 made 254 expenditures for which they had taken out loans.

TABLE III-39

BALANCE OF LOANS FOR HOME IMPROVEMENT EXPENDITURES INCLUDED IN MORTGAGE OBLIGATIONS BY MARKET

Obligation	WI	IL	AR	LA
First mortgage	8%	5%	10%	6%
Second mortgage	17	8	10	6
Not included	75	87	80	88
All expenditures[1]	100%	100%	100%	100%

---

[1] Respondents were given the opportunity to mention two home improvement expenditures. This table is based upon the 254 expenditures made with loans taken out by 235 consumers.

The major source of funds for home improvements made with cash was savings or cash on hand (Table III-40). The second most frequently reported source of cash was current income. Interestingly, respondents in Wisconsin and Illinois made a larger proportion (about 75 percent) of expenditures with savings than did respondents in Arkansas and Louisiana (over 50 percent) (Table III-41). Current income was used more often to make cash purchases in Arkansas and Louisiana than in Wisconsin or Illinois.

Overall, average expenditures were lower in restricted markets as were average amounts borrowed. Sources of credit used to make expenditures also reflected the credit regulations prevailing in each market. Larger home improvement expenditures were made more frequently by married couples with children (Table III-42), better educated consumers (Table III-43), and consumers whose homes have higher market values (Table III-44), regardless of state. Also, homeowners residing at their current addresses for fewer than five years made home improvements more frequently than those living in their homes for many years (Table III-45).

TABLE III-40

SOURCES OF CASH USED TO MAKE HOME IMPROVEMENT EXPENDTIURES

Source	N	Percent of Expenditures	Percent of Respondents
Loan	15	1%	1%
Savings, cash on hand	1080	68	93
Current income	389	25	34
Loan and savings	8	*	1
Savings and income	29	2	2
Other combination	13	1	1
Other	43	3	4
All expenditures[1]	1577	100%	136%
All respondents	1156		

---

*Less than .5 percent.

[1] Respondents were given the opportunity to mention two home improvement expenditures. Of the 3572 respondents, 1156 reported the cash source for 1577 home improvement expenditures.

TABLE III-41

SOURCES OF CASH USED TO MAKE HOME IMPROVEMENT EXPENDITURES BY MARKET

Source	WI	IL	AR	LA
Loan	1%	1%	1%	*
Savings, cash on hand	77	75	48	64
Current income	15	20	45	32
Loan and savings	1	*	*	*
Savings and income	2	1	2	2
Other combination	1	*	1	1
Other	3	3	3	1
All expenditures[1]	100%	100%	100%	100%

---

*Less than .5 percent.

[1] Respondents were given the opportunity to mention two home improvement expenditures. This table is based upon the 1577 expenditures made by 1156 respondents.

TABLE III-42

HOME IMPROVEMENT EXPENDITURES BY LIFE CYCLE CHARACTERISTICS OF HOUSEHOLD HEADS[1]

Life Cycle	Population Distribution	Less Than $251	251-500	501-1,000	1,001-5,000	5,000-10,000	10,001 or more	Not Ascertained	Total
Under 45 years									
Unmarried, no children	10%	7%	7%	5%	4%	3%	4%	6%	5%
Married									
No children	9	10	9	10	9		12	6	9
Children									
< 6 years	22	26	22	23	24		32	18	24
> 6 years	7	9	9	8	11	14	24	15	10
45 years or more									
Married									
Children	11	8	9	14	18	20	4	12	14
No children	1	1	4	4	2	3	4	3	3
In labor force	11	9	11	9	12	9	8	18	11
Retired	7	8	7	9	5	4	4	6	7
Unmarried, no children	3	2	3	4	2	1	4	*	3
In labor force	4	4	3	3	3	1	*	*	3
Retired	6	4	8	4	3	3	*	12	4
Any age, unmarried, children	9	10	8	7	7	4	4	4	7
Other	*	2	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Less than .5 percent

[1] Based upon total dollars expended by household. Some households made two expenditures. 1,398 households made expenditures. Of the 1,963 expenditures made, 1,925 could be associated with a dollar value.

TABLE III-43

HOME IMPROVEMENT EXPENDITURES BY DEMOGRAPHIC CHARACTERISTICS OF HOUSEHOLD HEADS[1]

	Population Distribution	Less Than $251	251-500	501-1,000	1,001-5,000	5,001-10,000	10,001 or more	Not Ascertained	Total
Age									
Under 35	36%	40%	34%	31%	29%	33%	40%	31%	33%
35-44	17	20	18	19	23	26	32	15	21
45-54	15	13	15	16	21	22	12	15	17
55-64	15	12	17	16	16	10	8	15	15
65 and over	17	15	16	18	11	9	8	24	14
Not ascertained	*	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Race									
White	81	86	91	89	89	83	96	88	89
Black	16	11	8	9	10	12	4	6	9
Other[2]	3	3	1	2	1	5	*	6	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Education									
0-8 gardes	16	15	12	16	10	6	8	12	12
9-11 grades	15	14	13	12	14	5	*	12	13
High school	20	20	16	15	18	23	12	9	17
High school plus nonacademic training	16	19	16	17	19	15	20	15	18
Some college	17	17	19	16	18	30	36	18	19
B.A. or advanced degree	16	15	24	24	21	21	24	34	21
Not ascertained	*	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Less than .5 percent

[1] Respondents were given the opportunity to mention two expenditures. This table is based upon total expenditures per household. 1,398 households made expenditures.

[2] Other includes Hispanics, Orientals, and American Indians.

TABLE III-44

DOLLAR VALUE OF HOME IMPROVEMENT EXPENDITURES[1] BY CURRENT VALUE OF HOME

Value of Home	Population Distribution	than $251	251-500	501-1,000	1,001-5,000	5,001-10,000	10,001 or more	Not Ascertained	All
≤ $5,000	1%	1%	*	*	*	*	*	3%	1%
$5,001-9,999	1	1	2	1	*	*	*	*	1
$10,000-14,999	2	3	1	3	1	*	*	*	2
$15,000-19,999	2	4	1	2	1	1	*	*	2
$20,000-24,999	4	3	5	4	4	5	*	*	4
$25,000-29,999	5	7	7	8	6	3	4	3	6
$30,000-49,999	27	35	39	39	38	31	20	21	37
$50,000-74,999	19	22	25	29	30	41	36	26	28
$75,000-99,999	4	4	5	6	8	7	12	3	6
$100,000 <	3	1	2	3	6	3	24	9	3
Not ascertained	5	1	4	2	4	4	4	23	3
Not applicable	27	18	9	3	2	5	*	12	7
All	100%	100%	100%	100%	100%	100%	100%	100%	100%

---

*Less than .5 percent.

[1] Data based upon the home improvement expenditures of 1398 households making expenditures. Of the 1963 purchases, a dollar value could be associated with 1925.

TABLE III-45

DOLLAR VALUE OF HOME IMPROVEMENT EXPENDITURES[1] BY TENURE AT HOME

Tenure	Population Distribution	Less than $251	$251-500	501-1,000	1,001-5,000	5,001-10,000	10,001-or more	Not ascertained	All
5 years or less	35%	47%	41%	40%	38%	39%	40%	44%	41%
6-10 years	17	18	20	15	18	19	28	12	18
11-15 years	14	11	10	17	14	21	20	18	14
16-20 years	11	9	11	12	13	9	8	6	11
20 or more years	23	15	18	16	17	12	4	20	16
All	100%	100%	100%	100%	100%	100%	100%	100%	100%

---

[1] 1398 households made 1963 purchases. A dollar value could be associated with 1925.

FOOTNOTES--SECTION III

[1] Although the incidence of refinancings and second mortgages is small, in general, these represent a larger proportion of recent annual lending volume by creditors.

[2] By law, some financial institutions are limited to granting second mortgages only for home improvements. See David F. Seiders, Junior Mortgage Financing and Other Borrowing Against Inflated Housing Equity, Working Paper No. 25, Credit Research Center, Purdue University.

[3] In general, the maximum interest rate allowable on mortgage loans is determined by the contract interest or usury statute of the state. However, exceptions may be set by law. Mortgage rate ceilings for the states considered here are: Arkansas ten percent, Illinois nine percent, Louisiana ten percent, Wisconsin $12 on $100. For Arkansas and Wisconsin, the ceilings for mortgage rates are the same as any other credit agreement. In Illinois and Louisiana additional restrictions have been imposed on mortgage rates. Maximum interest rates allowable on second mortgages follow usury statutes for credit contracts in the four states. However, some institutions are limited to supplying second mortgages only when holding the first mortgage. See also Seiders, op. cit.

[4] Note that seven percent of families in Louisiana had lived in their homes for less than one year, compared with ten percent of faimilies in Arkansas, five percent in Illinois and four percent in Wisconsin. Tenure at the residence cannot account for the small proportion of families making improvements in Louisiana.

IV. THE CONSUMER IN THE CREDIT MARKET

A. Consumer Awareness of Interest

Studies of consumer interest rate awareness typically classify a consumer as aware if he/she indicates that the annual percentage rate paid on a loan lies within a reasonable pre-established range defined to include a very high proportion of loans--99.7 to 100 percent.[1] This concept of awareness unfortunately is not anchored to any objective measure of the actual rate paid.

Rather than specify ranges for correct answers, the actual distributions of reported rates are presented for loans on new auto (Table IV-1), used auto (Table IV-2), durables (Table IV-3), home improvements (Table IV-4), recreation and hobby items (Table IV-5) and for revolving balances on credit cards (Table IV-6). Each of the respondents was also asked to give an estimate of the annual percentage rate on a $1,000 furniture purchase with 12 equal monthly payments. These results are given in Table IV-9.

For new car loans, the reported interest rates in Arkansas clearly reflected the interest rate ceiling of ten percent prevailing at the time of the survey (Table IV-1). Seventy-six percent of the rates were under 11 percent. Another six percent reported rates in the 12 percent to 14 percent range. These may reflect the fact that federally chartered credit unions were permitted a 12 percent rate. A few consumers reported rates of 18 percent to 19 percent and 17 percent did not know the rate on their new car loan. In the other three states, reported rates ranged from a low of zero percent to highs of 20 percent or more. Twenty percent

TABLE IV-1

ANNUAL PERCENTAGE RATE OF INTEREST ON NEW AUTO LOANS[1]

Reported Rate of Interest[1]	WI	IL	AR	LA	ALL
0	2%	1%	*	1%	1%
1-5%	3	3	*	1	2
6-7%	3	6	*	7	4
8-9%	22	16	5	12	15
10-11%	27	33	71	21	36
12-14%	22	17	6	22	18
15-17%	1	1	*	1	1
18-19%	2	4	1	3	3
20% or more	2	1	*	*	*
Not Ascertained	16	18	17	32	20
Total	100%	100%	100%	100%	100%
Number of loans	177	178	112	135	602
Number of respondents[2]	165	163	104	127	559

---

*Less than .5 percent.

[1] Sample corresponds only to those respondents who reported using credit to purchase a new auto.

[2] Number of respondents differs from number of cases since each respondent was allowed to mention up to three items. The percentages are based on the number of loans.

TABLE IV-2

ANNUAL PERCENTAGE RATE OF INTEREST ON USED AUTO LOANS

Reported Rate of Interest[1]	WI	IL	AR	LA	ALL
0	4%	7%	9%	6%	6%
1-5%	1	*	3	2	1
6-7%	3	4	4	7	4
8-9%	14	7	6	7	9
10-11%	20	19	52	14	28
12-14%	34	25	3	13	21
15-17%	2	2	*	4	2
18-19%	3	3	1	2	2
20% or more	2	2	*	2	1
Not ascertained	17	31	22	43	26
Total	100%	100%	100%	100%	100%
Number of loans	192	123	139	90	544
Number of respondents[2]	169	112	127	83	491

*Less than .5 percent.

[1] Sample corresponds only to those respondents who reported using credit to purchase a used auto.

[2] Number of respondents differs from number of cases since each respondent was allowed to mention up to three items. The percentages are based on the number of loans.

or more of the loans were at rates of 12 percent or higher. The ten percent rate ceiling in Arkansas applicable to all lenders and types of loans clearly produced little variation in rates for consumers.

Rates on used car loans showed more variation in all states, although rates in Arkansas were again reported in the ten percent range or lower. Rates in the other three states varied from zero percent to over 20 percent (Table IV-2).

Overall, 20 percent of the consumers did not know the rate on their new car loans and 26 percent did not know the rate on their used car loans. Of all consumers, those in Louisiana were least aware of the rates they were paying on automobile loans. This was the case for every type of loan except those for durable goods and home improvement items (Table IV-4).

About one-third of all consumers did not know the rate of finance charge on their credit cards (Table IV-6). Of those providing an estimate of the rate, most knew the correct answer, with over 50 percent of the credit card users reporting a rate of 18 percent in Wisconsin, Illinois and Louisiana, and ten percent in Arkansas. Excluding consumers who did not know the rate, about 75 percent of those reporting a rate gave a correct estimate.

Awareness of credit card rates was lowest among consumers who said they always revolved their balances (Table IV-7). Consumers with at most high school education, who were 65 or older and had lower incomes (and used fewer credit cards) knew the correct rate on their credit cards (Table IV-8) least often of all consumers.

Respondents were also asked to estimate the rate they would have to pay on a hypothetical purchase of $1,000 worth of furniture financed for

TABLE IV-3

ANNUAL PERCENTAGE RATE OF INTEREST ON LOANS FOR DURABLE GOODS

Reported Rate of Interest[1]	WI	IL	AR	LA	ALL
0	12%	7%	4%	5%	8%
1-5%	5	6	5	3	5
6-7%	5	4	3	3	4
8-9%	5	2	7	5	4
10-11%	5	14	32	3	14
12-14%	15	5	4	7	9
15-17%	2	1	*	1	1
18-19%	19	11	*	31	14
20% or more	2	5	1	4	3
Not ascertained	30	45	44	38	38
Total	100%	100%	100%	100%	100%
Number of loans	130	81	113	74	398
Number of respondents[2]	115	65	89	65	334

*Less than .5 percent.

[1] Sample corresponds only to those respondents who reported using credit to purchase a durable item.

[2] Number of respondents differs from number of cases since each respondent was allowed to mention up to two items. Percentages are based on the number of loans.

TABLE IV-4

ANNUAL PERCENTAGE RATE OF INTEREST ON HOME IMPROVEMENT LOANS

Reported Rate of Interest[1]	WI	IL	AR	LA	All
0	9%	9%	2%	9%	8%
1-5%	5	5	*	3	4
6-7%	3	1	4	12	4
8-9%	9	19	11	21	14
10-11%	15	22	50	18	23
12-14%	30	22	2	*	19
15-17%	*	1	*	*	*
18-19%	10	*	*	3	4
20% or more	*	*	*	6	1
No answer, Don't know	19	21	31	28	23
Total	100%	100%	100%	100%	100%
Number of loans	102	86	53	34	275
Number of respondents[2]	91	75	48	31	245

---

[1] Sample corresponds only to those respondents who reported using credit for a home improvement loan.

[2] Number of respondents will differ from number of cases since each respondent was allowed to mention up to two items. The percentages are based on the number of loans.

*Less than .5 percent.

TABLE IV-5

ANNUAL PERCENTAGE RATE OF INTEREST ON RECREATION AND HOBBY ITEM LOANS

Reported Rate of Interest[1]	WI	IL	AR	LA	All
0	13%	9%	6%	*	8%
1-5%	9	9	14	6	10
6-7%	1	9	3	3	3
8-9%	7	9	11	6	8
10-11%	4	15	40	18	16
12-14%	34	12	6	9	19
15-17%	1	*	*	*	1
18-19%	4	6	*	15	6
20% or more	4	3	*	3	3
Not ascertained	23	28	20	40	26
Total	100%	100%	100%	100%	100%
Number of loans	75	33	35	34	177
Number of respondents[2]	70	30	35	32	167

[1] Sample corresponds only to those respondents who reported using credit to purchase a recreation or hobby item.

[2] Number of respondents differs from number of cases since each respodent was allowed to mention up to two items. The percentages are based on the number of loans.

*Less than .5 percent.

TABLE IV-6

ANNUAL PERCENTAGE RATE OF INTEREST ON CREDIT CARDS BY STATE

Reported Rate of Interest[1]	WI	IL	AR	LA	All
0	*	*	1%	1%	*
1-5%	*	4	2	*	2
6-7%	*	1	2	*	1
8-9%	1	1	3	1	1
10-11%	2	1	54	*	13
12-14%	15	8	5	3	8
15-17%	2	2	*	1	2
18-19%[2]	55	51	4	53	41
20% or more	1	3	1	3	2
Not ascertained	25	29	28	38	30
Total	100%	100%	100%	100%	100%
Number of cases	719	638	521	486	2364

[1] Sample corresponds only to those families owning credit cards.

[2] Includes two respondents who indicated that the 18 percent rate applied only to balances below some maximum amount.

*Less than .5 percent

Question: "If a credit card bill is not paid in full, what is the annual percentage rate of finance charge that you pay?"

TABLE IV-7

AWARENESS OF ANNUAL PERCENTAGE RATE ON REVOLVING BALANCES BY PAYMENT HABITS

Payment Behavior	Knew Correct[1] Rate
Always pay the full amount on all accounts	47%
Sometimes pay the full amount owed	56
Always pay certain accounts in full but not others	59
Hardly ever pay the full amount	47

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[1] Sample corresponds only to those respondents who reported using credit cards (N=2364). Includes respondents indicating ten percent in Arkansas and 18 percent in the other states.

TABLE IV-8

AWARENESS OF ANNUAL PERCENTAGE RATE ON REVOLVING BALANCES BY INDIVIDUAL CHARACTERISTICS

(CREDIT CARD USERS ONLY)

	Knew Correct Rate[1]	
	Credit Card Users	New York[2] Retail Credit Card Users
Education		
Some high school or less	42%	-
High School	51	-
Some college or more	57	-
Age		
Under 34	55%	52%
35-44	55	56
45-54	57	63
55-64	52	38
65 and over	39	23
Income		
$5,000 or under	32%	20%
$5,001 to 75,00	40	34
$7,501 to 10,000	39	44
$10,001 to 15,000	44	51
$15,001 to 20,000	57	57
$20,001 to 25,000	64	69
Over $25,000	63	40

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[1] Proportion of people who indicated an annual rate of 18 percent (ten percent in Arkansas) on credit card balances outstanding.

[2] Robert P. Shay and William C. Dunkelberg, Retail Store Credit Card Use in New York (Columbia University: Columbia University Press, 1975).

12 months (Table IV-9). In Arkansas, 78 percent of the respondents gave an estimate of ten percent or less, and 13 percent could not provide an estimate, suggesting that most consumers had a good idea of what credit would cost were they to use it. In the other three states, the estimates varied substantially as would be expected if consumers had some experience in credit markets with rate restrictions that were higher and variable across lenders. Over 20 percent of the consumers indicated that they would have to pay 18 percent or more on such a purchase.

TABLE IV-9

ANNUAL PERCENTAGE RATE OF INTEREST ON A HYPOTHETICAL PURCHASE BY STATE

Reported Rate of Interest	WI	IL	AR	LA	All
0	*	*	*	*	*
1-5%	3	3	2	2	2
6-7%	4	4	2	3	3
8-9%	7	5	4	8	6
10-11%	16	15	70	19	28
12-14%	28	18	3	17	18
15-18%	5	7	3	4	5
18-19%	23	23	1	22	18
20% or more	3	10	2	9	6
Not ascertained	11	15	13	16	14
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

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*Less than .5 percent.

Question: "If you were to make a furniture purchase in the amount of $1,000 and made arrangements to pay for this purchase in 12 monthly instalments, what percentage rate of interest or finance charge do you feel you would pay per year on this purchase?"

B. Limited Liability for Credit Card Loss

If you lose your credit card or it is stolen and then fraudulently misused, what is your liability? Most consumers do not know the answer to this question. Among credit card users, only ten percent knew the correct answer. The 1969 Truth-in-Lending law implemented in Regulation Z of the Federal Reserve Board set the liability for lost and stolen credit cards as $50 per card (unless, of course, fraud is proven) for all charges incurred prior to notification of credit card loss or theft and zero after the creditor is notified. As a matter of practice, some credit card issuers historically imposed no liability.

Consumers were asked the following questions (2,365 credit card users):

1. "Suppose you lost a credit card and it was used illegally to buy $250 worth of merchandise. How much, if any, of that amount would you be responsible for if you had notified the card issuer that the card was lost before it was used?"
2. "And how about if you had not notified the card issuer of the loss of the card before it was used?"

The results are shown in Table IV-10 and summarized below:

Correct answer to:	
Question 1 only	59%
Question 2 only	16%
Question 1 and 2	10%

Fifty-nine percent of all credit card users in the study said their liability was zero if they notified the company. Another 23 percent said it was $50. So, in total, most credit card users, about 82 percent, knew that their liability was limited (either zero or $50) if they reported their card loss before illegal use. Zero, of course, is the correct answer.

Should the consumer fail to report the loss, or report the loss after illegal use, then the law limits the consumer's liability to $50 per card. Only 16 percent of the credit card users knew this fact. An additional seven percent thought their liability was still zero. So, 23 percent knew they were "protected." Fifty-eight percent felt they were liable for the full amount while 17 percent did not know their liability under these circumstances.

It appears that in spite of regulations which require credit card issuers to disclose the liability limits, surprisingly few actually know they exist (Table IV-10). This is especially true for awareness of the existence of protection in the case of fraudulent use prior to notification. Three out of four card users believed they were liable for any and all charges or were not sure of their protection. Only ten percent knew the correct answer to both questions.

Some differences appear in awareness by state (Table IV-11). Wisconsin consumers knew more frequently that their liability would be zero with proper notification. Sixty-five percent gave this answer compared to 56 percent to 58 percent in the other three markets. About the same proportion in all markets said their liability would be $50. Combining the percentages answering $50 or zero as a measure of awareness of limited liability, 88 percent of the Wisconsin card users were aware of the existence of protection. Overall awareness was lowest in Illinois (78%) and Louisiana (76%). This difference in awareness may be in part related to differences in the characteristics of consumers who qualify for credit cards in these states. About 60 percent of the card users in all states felt that, without notification before fraudulent use, they would be liable for the full amount.

TABLE IV-10

AWARENESS OF LIMITED CREDIT CARD LIABILITY

(CREDIT CARD USERS)

Liability of Consumer if:	Notified Before Illegal Use	Notified After Illegal Use
$0; no liability	59%	7%
$50	23	16
$250	3	58
Other dollar amount	2	2
Don't know	13	17
	100%	100%

TABLE IV-11

AWARENESS OF LIABILITY IN CASE OF CREDIT CARD THEFT

Perceived Amount of Liability	WI		IL		AR		LA		All	
	Re-ported	Unre-ported	Re-ported	Unre-ported	Re-ported	Unre-ported	Re-ported	Unre-ported	Re-ported	Unre-ported
$0	65%	7%	56%	6%	58%	11%	56%	4%	59%	7%
$50	23	15	22	20	28	14	20	13	23	16
$250	2	60	5	54	3	58	4	69	3	58
Other dollar amount	1	1	2	*	2	2	1	*	2	2
Don't know	9	17	15	20	9	15	19	14	13	17
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of cases	719		638		521		486		2,364	

*Less than .5 percent.

Attitudes toward credit card use had little effect on awareness with the exception of consumers that characterized credit card use as "bad with qualifications." These consumers were accurate far more frequently in their answers to the credit card liability question (Table IV-12). However, they do not constitute a very large part of the credit card using population (one percent).

The number of credit cards used did not have a systematic effect on awareness (Table IV-13). The best informed users were those consumers with less than five or more than 19 credit cards. Awareness of protection in the case of fraudulent use prior to notification does increase with credit card ownership. Those with the fewest cards most frequently thought they were liable for the full amount (63%), while only 43 percent of those with 20 or more cards thought they were fully liable.

Since fraudulent card use usually occurs within a very short time after credit cards are lost or stolen, it appears that most credit card users feel that they are unprotected and are thus appropriately careful with their credit cards. Full awareness of limited liability could result in more carelessness with the resultant higher loses and higher credit card costs for everyone.

TABLE IV-12

AWARENESS OF LIABILITY BY ATTITUDES TOWARD CREDIT CARD USE[1]

Perceived Amount of Liability	Good		Good With Qualifications		Both Good And Bad		Bad		Bad With Qualifications	
	Reported	Unreported	Reported	Unreported	Reported	Unreported	Reported	Unreported	Reported	Unreported
$0	61%	7%	59%	6%	59%	7%	56%	7%	76%	17%
$50	25	17	22	16	24	16	22	12	17	10
$250	3	58	3	60	4	60	5	64	*	43
Other dollar amount	1	1	2	1	1	1	1	1	*	3
Don't know	10	17	14	17	12	16	16	16	7	27
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of cases	356		606		484		383		30	

*Less than .5 percent

[1] Excludes five cases not responding to the question.

TABLE IV-13

AWARENESS OF LIABILITY BY NUMBER OF CREDIT CARD ACCOUNTS[1]

	Number of Accounts									
	1-4		5-9		10-14		15-19		20 or more	
Perceived Amount of Liability	Reported	Unreported	Reported	Unreported	Reported	Unreported	Reported	Unreported	Reported	Unreported
$0	64%	8%	56%	5%	51%	8%	46%	5%	60%	21%
$50	15	11	32	19	40	31	43	42	23	26
$250	4	63	3	59	1	46	3	40	4	43
Other dollar amount	1	1	1	1	1	1	3	*	1	5
Don't know	16	17	8	16	7	14	5	13	12	5
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of cases	1,324		695		185		40		19	

*Less than .5 percent.

[1] Excludes 101 cases for which total credit card ownership was not ascertained.

C. Holder in Due Course Protection

In 1976 the Federal Trade Commission issued a ruling which invalidated the principle of "holder in due course"--a practice which protected the third party holder (purchaser) of a consumer credit contract from any dispute between a customer and the seller. Thus, if a consumer purchased a TV set on credit and the seller sold the credit contract to a bank, the consumer was obligated to pay the loan to the bank should the TV set fail to operate properly and the seller fail to satisfactorily live up to warranty protection or other guarantees. The FTC rule permitted the consumer to withhold payment on the loan until such time as any compensatory action due the consumer was made by the seller.

Respondents to the survey were asked the following questions:

> "Suppose that you recently purchased a new TV with a bank credit card or loan and it did not work properly but it was still under warranty. If the dealer did not repair the TV to your satisfaction, do you think that you could legally refuse to make any more payments on the TV until the problem was corrected?"
>
> "Do you think that if this TV was not working properly and the warranty had expired you could legally stop making payments until the problem was taken card of?"

Thirty-one percent of the respondents correctly understood that they could legally withhold payment to a third party creditor if the TV set failed and was still under warranty, but that they could not do so if the seller had no further legal obligation to service the set (Table IV-14). Another nine percent felt that they could withhold payment under either circumstance. Fifty percent believed that they could not withhold payment under either circumstance.

TABLE IV-14

IS IT LEGAL TO REFUSE TO MAKE PAYMENTS ON A TV SET WHICH DOES NOT OPERATE PROPERLY?

If Set Is Still Under Warranty	If Set Is No Longer Under Warranty:			
	Yes	No	Other	All
Yes	7%	31%	2%	40%
No	1	48	1	50
Other	*	4	6	10
Total	8%	83%	9%	100%

Questions:

"Suppose that you recently purchased a new TV with a bank credit card or loan and it did not work properly but it was still under warranty. If the dealer did not repair the TV to your satisfaction, do you think that you could legally refuse to make any more payments on the TV until the problem was corrected?"

"Do you think that if this TV was not working properly and the warranty had expired you could legally stop making payments until the problem was taken care of?"

*Less than .5 percent.

The pattern of correct answers ("Yes," "No" to the two questions respectively) was more frequently given by consumers in the lowest income quintiles (Table IV-15), and the percentage of consumers believing that payment could be withheld regardless of warranty status ("Yes" to question one, and "Yes" to question two) was largest among lower income consumers.

The frequency of correct answers did not differ significantly by other variables that one might expect to affect awareness, including education (Table IV-16), the risk class of the consumer (Table IV-17) or, attitudes toward creditors (Tables IV-18 and IV-19).

Substantial differences in the frequency of awareness did appear by state. Forty-one percent of the Louisiana consumers correctly answered the two questions, compared to an average of 29 percent in the other states. Consumers in the south more frequently gave the correct answer than their counterparts in the north.

TABLE IV-15

HOLDER IN DUE COURSE AWARENESS BY INCOME QUINTILE

Is Holder in Due Course Applicable If:		Approximate Income Quintile[1]						
Set is Under Warranty	If Warranty Has Expired	Lowest	2nd	3rd	4th	Highest	NA	All
Yes	No	33%	33%	30%	27%	28%	37%	31%
Yes	NA	3	2	3	3	1	2	2
Yes	Yes	10	7	6	6	5	9	7
No	Any	36	48	53	58	59	36	50
NA	Any	18	10	8	6	7	16	10
Total		100%	100%	100%	100%	100%	100%	100%
Number of cases		543	572	706	771	460	520	3572

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[1] The income qunitiles are not exact because income data were available only by category.

TABLE IV-16

HOLDER IN DUE COURSE AWARENESS BY EDUCATION

Is Holder in Due Course Applicable If:		Education			
Set is Under Warranty	If Warranty Has Expired	Some High School or Less	High School	Some College or More	All[1]
Yes	No	32%	32%	31%	31%
Yes	NA	2	2	2	2
Yes	Yes	8	7	5	7
No	Any	43	50	55	50
NA	Any	15	9	7	10
Total		100%	100%	100%	100%
Number of cases		1223	1139	1196	3572

[1] Includes 14 cases for which education was not indicated.

TABLE IV-17

HOLDER IN DUE COURSE AWARENESS BY RISK CLASS[1]

Is Holder in Due Course Applicable If:		Risk Class					
Set is Under Warranty	If Warranty Has Expired	High Risk 1	2	3	4	Low Risk 5	All
Yes	No	32%	34%	33%	30%	29%	31%
Yes	NA	3	2	2	2	2	2
Yes	Yes	7	8	7	7	7	7
No	Any	48	48	48	50	49	50
Yes	Any	10	8	10	11	13	10
Total		100%	100%	100%	100%	100%	100%

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[1] As measured by a credit score from a California bank.

TABLE IV-18

HOLDER IN DUE COURSE AWARENESS BY OPINION ABOUT CREDIT INSTITUTIONS

Is Holder in Due Course Applicable If:		"[Creditors] usually treat their customers fairly."					
Set is Under Warranty	If Warranty Has Expired	Strongly Agree	Agree Somewhat	Disagree Somewhat	Strongly Disagree	NA	All
Yes	No	27%	33%	37%	31%	29%	31%
Yes	NA	2	3	2	2	1	2
Yes	Yes	8	6	8	9	7	7
No	Any	51	48	45	48	36	50
NA	Any	12	10	8	10	27	10
Total		100%	100%	100%	100%	100%	100%
Number of cases		1151	1829	403	117	72	3572

TABLE IV-19

HOLDER IN DUE COURSE AWARENESS BY OPINION ABOUT CREDIT INSTITUTIONS

Is Holder in Due Course Applicable If:		"It would be a good thing for consumers if [creditors] were not around."					
Set is Under Warranty	If Warranty Has Expired	Strongly Agree	Agree Somewhat	Disagree Somewhat	Strongly Disagree	NA	All
Yes	No	33%	33%	37%	26%	24%	31%
Yes	NA	1	3	2	2	2	2
Yes	Yes	12	7	6	7	5	7
No	Any	41	47	45	56	38	50
NA	Any	13	10	10	9	31	10
Total		100%	100%	100%	100%	100%	100%
Number of cases		228	723	1170	1393	58	3572

TABLE IV-20

HOLDER IN DUE COURSE AWARENESS BY STATE

Is Holder in Due Course Applicable If:		State				
Set is Under Warranty	If Warranty Has Expired	WI	IL	AR	LA	All
Yes	No	29%	26%	33%	41%	31%
Yes	NA	2	2	2	2	2
Yes	Yes	8	9	6	4	7
No	Any	52	49	49	44	50
NA	Any	9	13	10	9	10
Total		100%	100%	100%	100%	100%
Number of cases		1006	1030	787	749	3572

D. Consumer Perceptions of Differences Among Institutions

Consumers' perceptions of differences among credit granting institutions are an important factor in determining how and where a consumer may obtain credit. The National Commission on Consumer Finance points out that consumers' institutional knowledge along with their rate awareness are significant competition factors in the credit market.[2] In particular, an individual's knowledge about relative rates charged by different classes of creditors allows him to make educated decisions about obtaining loans.

Institutional knowledge is important in reducing the shopping time (lowering the transactions costs) required to obtain a loan, making the loan cheaper to the consumer. That is, if a consumer knows which institution is more likely to give him a loan (at the same time taking rates into consideration) he may be able to reduce his total cost of borrowing by minimizing search costs. Search costs include both transportation costs of visiting multiple institutions and opportunity costs of time spent searching. This implies, of course, that the individual has some idea of his own risk class and the risk served by each institution.

To help explore the dimension of consumer's institutional knowledge, respondents to this survey were asked about their perceptions of differences among credit granting sources. The list of credit granting sources included standard financial institutions along with various individuals who might be sources of credit to other consumers.

The first question was, "If a friend wanted to finance a car, which of these sources of credit would you recommend?"[3] A followup question asked, "Why would you recommend (that source/those sources)? Why else?"

Responses to the first question (Table IV-21) indicated that more than half the respondents would recommend banks or credit unions as possible sources of automobile credit. The percentage recommending each credit source was fairly uniform across each of the states, the only exception being the lower number of recommendations for credit unions in Arkansas and Louisiana.

The phenomenon in Arkansas may be explained by the fact that federally chartered credit unions in Arkansas are allowed to charge 12 percent on loans while no other institutions can charge over ten percent. At the time this survey was taken, over half of the federally chartered credit unions in the Little Rock, Arkansas market area were charging over ten percent. Similarly, those sources of credit which might be able to avoid the rate ceilings (noninstitution sources) were not highly recommended in any state regardless of the restrictiveness of the rate ceiling.

Ease of obtaining credit, good reputation and familiarity were the most frequent reasons given for obtaining credit from a store or dealer (Table IV-22).[4] It is interesting to note that proportionally more people from Arkansas recommended obtaining automobile credit from a store or dealer, the principal reasons being that it was easier to get credit and they had done it in the past. This observation is consistent with the results of Lynch.[5] Lynch found that retailers in Arkansas were willing to provide credit but that they had higher cash prices for similar goods than retailers across state lines. The obvious implication was that Arkansas retailers are raising prices to cover their costs for providing credit to their customers. The results suggest that because consumers are aware that credit is easier to obtain from retailers, they would recommend that their friends take advantage of that fact.

TABLE IV-21

RECOMMENDED CREDIT SOURCES FOR AUTOMOBILE CREDIT[1]

Creditors	WI	IL	AR	LA	All
Store or dealer	8%	10%	16%	10%	11%
Bank	79	72	78	85	78
Finance or loan company	12	12	21	6	13
Credit union	68	64	49	47	58
Employer	3	7	2	2	4
People at work	*	2	*	*	1
Friends or relatives	8	7	5	4	6
Other	1	2	*	1	1
Number of cases	1006	1030	787	749	3572

*Less than .5 percent

[1] Adds to more than 100 percent. Respondents could provide more than one answer.

Question: "If a friend wanted to finance a car, which of these sources of credit would you recommend?"

Question: "Why would you recommend (that source/those sources)? Why else?"

TABLE IV-22
MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT
SOURCES FOR AUTOMOBILE CREDIT
STORE OR DEALER

Reason[a]	WI	IL	AR	LA	All
1. Rates	17%	4%	10%	18%	11%
2. Availability	24	30	39	33	32
3. Terms	9	6	12	11	9
4. Reputation	27	35	18	24	25
5. Interested in customer	*	*	*	*	*
6. Customer relations	9	7	4	2	5
7. Easy payment methods	*	*	*	*	*
8. Past experience	26	29	35	17	28
9. Trust	4	1	5	2	3
10. Other reasons	7	9	5	2	6
Number of responses	81	101	126	66	374

*Less than .5 percent

[a] Reasons:

1. Interest rate or finance charges low, lower, reasonable, best available.

2. Easier to get credit, require less information, less collateral, less stringent rules for getting credit, faster approval, less red tape.

3. Give better or best deal, terms arrangements.

4. Good reputation, reputable, well known, honest, fair, stable, reliable, experienced, professional.

5. They are not just interested in making money, making a profit is not their main motive.

6. Pleasant, courteous, helpful, friendly, pleasant to deal with, no pressure tactics, seem to care about people.

7. Payroll deduction, payment by mail.

8. Familiarity, previous good experience dealing with institution, has other accounts there, has been treated well or fairly in the past, or recommended by someone.

9. Like or trust them--but not ascertained why.

10. All other reasons.

Banks were the most frequently recommended source of automobile credit (Table IV-23). The principal reasons for recommending banks were that they had both a lower interest rate and a good reputation. The only significant difference among states was that in Arkansas, a lower interest rate was not mentioned nearly as often as a reason to use banks as a source of credit. This is consistent with the fact that all banks in Arkansas are limited to ten percent and were probably all charging that rate.

Ease of obtaining credit and better terms were cited as the principal reasons people recommended finance or loan companies (Table IV-24), although relatively few consumers recommended this source. Finance companies (except for automobile finance companies owned by automobile producers) did not operate in Arkansas.

A low interest rate was the principal reason for recommending credit unions (Table IV-25). This reason accounts for over 50 percent of all responses in every state except Arkansas. In Louisiana, 80 percent of those recommending credit unions cited low interest rates as a reason. Although Louisiana has generally high interest rate ceilings, the federally chartered credit unions are still allowed to charge only 12 percent. State statutes (§86:654) also restrict state chartered credit unions to 12 percent. Thus, compared to other sources of credit in Louisiana, credit unions were relatively cheap. Few respondents recommended non-institutional sources for automobile credit (Tables IV-26 to IV-28).

The next question asked was, "Looking at this card, please tell me the one place where you feel it is more difficult to get credit or a loan?", followed by "Which one place do you feel is the easiest place

TABLE IV-23

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT

BANK

Reasons[1]	WI	IL	AR	LA	All
1. Rates	47%	52%	23%	66%	47%
2. Availability	9	10	19	7	11
3. Terms	12	11	21	7	12
4. Reputation	32	31	31	17	28
5. Interested in customer	*	*	*	*	*
6. Customer relations	7	7	10	6	7
7. Easy payment methods	*	*	1	*	*
8. Past experience	24	16	28	10	20
9. Trust	6	7	7	7	7
10. Other reasons	1	2	1	1	1
Number of responses	786	731	606	621	2744

*Less than .5 percent

[1] See Table IV-22 for details.

TABLE IV-24

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT

FINANCE OR LOAN COMPANY

Reason[1]	WI	IL	AR	LA	All
1. Rates	23%	11%	12%	13%	15%
2. Availability	36	41	35	58	39
3. Terms	21	18	29	15	22
4. Reputation	16	18	15	15	16
5. Interested in customer	*	*	*	*	*
6. Customer relations	6	6	7	8	7
7. Easy payment methods	*	*	*	*	*
8. Past experience	12	11	17	3	13
9. Trust	3	5	7	3	5
10. Other reasons	4	6	1	*	3
Number of responses	121	113	164	40	438

*Less than .5 percent

[1] See Table IV-22 for details.

TABLE IV-25

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT

CREDIT UNION

Reason[1]	WI	IL	AR	LA	All
1. Rates	52%	62%	37%	80%	57%
2. Availability	13	12	26	6	14
3. Terms	15	13	16	8	14
4. Reputation	15	15	16	10	14
5. Interested in customer	*	*	*	*	*
6. Customer relations	5	8	7	2	6
7. Easy payment methods	19	9	13	10	13
8. Past experience	19	13	25	6	16
9. Trust	2	4	6	5	4
10. Other reasons	1	3	1	1	2
Number of responses	674	654	381	335	2044

*Less than .5 percent

[1] See Table IV-22 for details.

TABLE IV-26

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT

EMPLOYER

Reason[1]	WI	IL	AR	LA	All
1. Rates	38%	22%	24%	25%	26%
2. Availability	16	32	29	38	29
3. Terms	22	8	18	*	12
4. Reputation	9	7	12	25	10
5. Interested in customer	*	*	*	*	*
6. Customer relations	13	8	18	6	10
7. Easy payment methods	10	15	12	13	13
8. Past experience	13	8	29	*	11
9. Trust	3	7	6	*	5
10. Other reasons	3	10	*	6	7
Number of responses	32	72	17	16	137

*Less than .5 percent

[1] See Table IV-22 for details.

TABLE IV-27

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT

PEOPLE AT WORK

Reason[1]	WI	IL	AR	LA	All
1. Rates	*%	16%	*%	*%	11%
2. Availability	33	63	67	33	57
3. Terms	33	5	*	*	7
4. Reputation	*	*	*	33	4
5. Interested in customer	*	*	*	*	*
6. Customer relations	*	5	*	*	4
7. Easy payment methods	*	*	*	*	*
8. Past experience	*	11	67	67	21
9. Trust	*	*	*	*	*
10. Other reasons	33	11	*	*	11
Number of responses	3	19	3	3	28

*Less than .5 percent

[1] See Table IV-22 for details.

TABLE IV-28

MOST FREQUENT RESPONSES FOR RECOMMENDING CREDIT SOURCES FOR AUTOMOBILE CREDIT FRIEND OR RELATIVE

Reason[1]	WI	IL	AR	LA	All
1. Rates	62%	42%	35%	58%	51%
2. Availability	22	42	32	26	30
3. Terms	22	6	22	3	14
4. Reputation	3	4	14	7	6
5. Interested in customer	*	*	*	*	*
6. Customer relations	4	*	11	*	4
7. Easy payment methods	*	*	*	*	*
8. Past experience	3	4	5	13	5
9. Trust	3	2	3	*	2
10. Other reasons	5	11	*	*	5
Number of responses	74	55	37	31	197

*Less than .5 percent

[1] See Table IV-22 for details.

to get credit or a loan?"[6] In each of the states, banks were most frequently perceived to be the most difficult place to get a loan (Tables IV-29, IV-30). In Arkansas and Illinois, finance companies were the second most frequently mentioned source, followed by stores. This order was reversed in Wisconsin and Louisiana.

Finance or loan companies were considered the easiest places to obtain a loan, except in Arkansas where they were ranked very low.[7] Arkansas respondents considered credit unions as the easiest place to get a loan. This, again, may be due to the fact that federally chartered credit unions in Arkansas are allowed to charge 12 percent on loans. This higher rate allows these credit unions to serve a riskier clientele making loans relatively easier to obtain.

The next questions asked were, "I would like you to rate lenders on the credit cost of automobile loans. Which do you think is the cheapest? Which do you think is second cheapest? Third? Fourth?"[8] Stores or dealers (Table IV-31) were rarely ranked first or second but usually ranked third or fourth. Banks (Table IV-32) were usually ranked first (cheapest). Again, the proportion of respondents in Arkansas ranking credit unions as cheapest is the lowest of any state. Employers (Table IV-35) and people at work (Table IV-36) were generally unranked. Friends and relatives (Table IV-37) were deemed a relatively cheap source of credit in every state. Overall, however, these more unusual sources of credit were more frequently highly ranked in Wisconsin and Arkansas than in the less rate-restricted states.

The respondents were next asked three questions about getting credit through a store or dealer. The first question was: "Thinking of purchases

TABLE IV-29

MOST DIFFICULT PLACE TO GET A LOAN

Creditor	WI	IL	AR	LA	All
Stores or dealers	25%	18%	19%	24%	21%
Banks	43	42	42	50	44
Finance or loan companies	16	20	21	14	18
Credit unions	4	6	6	3	5
Other	3	6	2	1	3
Not ascertained	9	8	10	8	9
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	744	3572

Question: "Looking at this card, please tell me the one place where you feel it is most difficult to get credit or a loan."

TABLE IV-30

EASIEST PLACE TO GET A LOAN

Creditor	WI	IL	AR	LA	All
Stores or dealers	16%	22%	26%	20%	21%
Banks	19	19	21	18	19
Finance or loan companies	33	28	15	45	30
Credit unions	28	26	33	13	25
Other	1	3	2	*	1
Not ascertained	3	2	3	4	4
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

*Less than .5 percent.

Question: "Which one place do you feel it is the easiest to get credit or a loan?"

TABLE IV-31

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

STORE OR DEALER

Ranking	WI	IL	AR	LA	All
First	3%	3%	6%	2%	3%
Second	5	5	8	9	7
Third	23	28	19	60	31
Fourth	26	23	21	13	22
Not ranked	43	41	46	16	37
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-32

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

BANK

Ranking	WI	IL	AR	LA	All
First	26%	25%	24%	38%	28%
Second	34	40	22	48	36
Third	18	14	13	7	14
Fourth	9	8	12	3	8
Not ranked	13	13	29	4	14
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-33

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

FINANCE OR LOAN COMPANY

Ranking	WI	IL	AR	LA	All
First	2%	2%	5%	1%	2%
Second	6	4	13	2	6
Third	21	19	16	8	17
Fourth	32	29	19	63	35
Not ranked	39	46	47	26	40
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-34

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

CREDIT UNION

Ranking	WI	IL	AR	LA	All
First	34%	45%	29%	45%	38%
Second	33	27	20	29	27
Third	14	9	13	7	11
Fourth	7	6	11	4	7
Not ranked	12	13	27	15	17
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-35

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

EMPLOYER

Ranking	WI	IL	AR	LA	All
First	1%	2%	2%	1%	2%
Second	6	6	9	4	6
Third	8	12	10	7	10
Fourth	6	9	6	6	7
Not ranked	79	71	73	82	75
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-36

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

PEOPLE AT WORK

Ranking	WI	IL	AR	LA	All
First	1%	1%	1%	*	1%
Second	8	7	8	2	7
Third	3	3	5	1	3
Fourth	3	3	3	1	3
Not ranked	85	86	83	96	86
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

*Less than .5 percent

TABLE IV-37

RANKING OF CREDITOR BY PERCEIVED COST (CHEAPEST)

FRIEND OR RELATIVE

Ranking	WI	IL	AR	LA	All
First	31%	19%	25%	11%	22%
Second	5	5	4	2	4
Third	8	9	5	6	7
Fourth	6	5	4	4	5
Not ranked	50	62	62	77	62
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

where you can either get credit through a store or dealer or make credit arrangements elsewhere, what do you feel would be the advantages of getting credit through the store or dealer? What other advantages would there be?" The responses to this question are shown in Table IV-38. The most frequently cited advantages of obtaining credit through a store or dealer were convenience and simplicity followed by better service and faster loans. The percentages were farily uniform across states. A large number of individuals felt that establishing a credit rating was an advantage of obtaining credit through a store or dealer. The respondents were next asked to detail the disadvantages of obtaining credit through a store or dealer. The prinicple disadvantage perceived by the respondents was that of higher rates, except in Arkansas, where a ten percent ceiling applied to stores as well as other lenders.

Consumers were also asked: "On large purchases, overall do you feel it is a good idea or a bad idea for a customer to get credit through the store or dealer rather than making credit arrangements elsewhere?" In Arkansas, more people felt it was a good idea than a bad idea. In the other three states the opposite was true (Table IV-40). In Wisconsin, where rates are relatively restrictive, over half of the respondents believed it was a bad idea to obtain credit through a store or dealer. Wisconsin stores could charge 18 percent on the first $500 of a credit card loan and 12 percent thereafter. Thus, credit obtained through a Wisconsin store or dealer was relatively expensive for purchases of $500 or less.

The final question dealing with consumer perceptions of differences among institutions pertained to creditors' collection aggressiveness:

TABLE IV-38

ADVANTAGES OF OBTAINING CREDIT THROUGH STORE OR DEALER

Advantage	WI	IL	AR	LA	All
Faster	14%	17%	15%	25%	17%
Convenience/Simplicity	34	37	38	24	34
More control	3	2	2	3	2
Better service	24	13	20	23	20
Know dealer	5	3	5	2	4
Less strict	5	4	4	2	4
Lower rate	7	4	6	4	5
Larger contract period	*	1	1	*	1
Establish credit rating	11	9	14	12	11
Lower downpayment	2	1	3	2	2
Late payment tolerated	1	1	2	*	1
No finance charge first 30 days	3	1	1	2	2
Take advantage of sales	*	1	1	*	1
Better credit terms	1	2	3	1	2
No advantage	16	19	11	18	16
Not ascertained	2	3	2	1	2
Number of cases	954	943	724	703	3324

*Less than .5 percent

Question: Thinking of purchases where you can either get credit through a store or dealer or make credit arrangements elsewhere, what do you feel would be the advantage of getting credit through the store or dealer? What other advantages would there be?"

TABLE IV-39

DISADVANTAGES OF OBTAINING CREDIT THROUGH STORE OR DEALER

Disadvantage	WI	IL	AR	LA	All
Dealer lacks knowledge	1%	1%	1%	*	1%
May accept poor terms	1	1	*	1	1
Dealer doesn't care	1	1	*	*	1
Problems with eventual holder	9	6	2	2	5
No choice of source	2	*	1	*	1
Too lenient	8	7	15	5	9
More strict	3	2	5	3	3
Higher rate	54	52	23	63	49
Shorter contract period	1	1	1	1	1
Hurts credit rating	1	1	2	*	1
Worse credit terms	5	6	6	6	6
Late payments not tolerated	6	7	13	4	7
Still have to pay	1	2	1	*	1
Limited amount	*	1	1	*	1
Poor credit terms	3	7	8	4	6
No knowledge of terms	1	1	*	*	*
Inconvenient	1	1	1	*	1
Dealer won't give service	1	1	1	1	1
Ruins credit rating	1	*	1	*	1
Dealer gets kickbacks	*	*	*	*	*
Dealer not honest	1	2	2	1	2
Dealer interested in profits	1	1	1	*	1
Higher prices for goods	*	1	*	*	*
No disadvantage	14	14	28	14	17
Not ascertained	2	2	1	1	1
Number of cases	909	913	687	689	3198

*Less than .5 percent

Question: "What would be the disadvantages of getting credit through the store or dealer? What other disadvantages would there be?"

TABLE IV-40

GOOD OR BAD IDEA TO OBTAIN CREDIT THROUGH STORE OR DEALER

Response	WI	IL	AR	LA	All
Good idea	26%	26%	47%	24%	30%
Good and bad	17	26	15	33	23
Bad idea	51	39	30	36	40
N.A.	6	9	8	7	7
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

Question: "On large purchases, overall, do you feel it is a good idea or a bad idea for a customer to get credit through the store or dealer rather than making credit arrangements elsewhere?"

"In your opinion, how do different types of creditors compare with regard to their use of the law to collect debt when somebody is behind in payments? Please tell me which type of creditor you think is more aggressive in collecting past due debts. Which is the second most aggressive and which is the third most aggressive."

Stores or dealers (Table IV-41), banks (Table IV-42), and finance or loan companies (Table IV-43) were usually ranked among the top three in perceived collection aggressiveness. Specifically, finance or loan companies were most often ranked first, store or dealer most often ranked second, and banks most often ranked third. The majority of respondents in Wisconsin, Illinois and Louisiana felt that finance and loan companies were the most aggressive. This was not true in Arkansas, due to the lack of finance company operations in the state.

TABLE IV-41

RANKING OF CREDTIORS BY PERCEIVED COLLECTION AGGRESSIVENESS

STORE OR DEALER

Ranking	WI	IL	AR	LA	All
First	9%	13%	14%	6%	11%
Second	37	39	26	46	37
Third	24	23	29	20	24
No ranking	30	25	31	28	28
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-42

RANKING OF CREDITORS BY PERCEIVED COLLECTION AGGRESSIVENESS

BANK

Ranking	WI	IL	AR	LA	All
First	9%	10%	23%	6%	12%
Second	29	20	26	20	24
Third	38	40	27	45	38
No ranking	24	30	24	29	26
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-43

RANKING OF CREDITORS BY PERCEIVED COLLECTION AGGRESSIVENESS

FINANCE OR LOAN COMPANY

Ranking	WI	IL	AR	LA	All
First	71%	63%	44%	67%	61%
Second	15	19	24	9	17
Third	6	8	15	14	10
No ranking	8	10	17	10	12
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

TABLE IV-44

RANKING OF CREDITORS BY PERCEIVED COLLECTION AGGRESSIVENESS

CREDIT UNION

Ranking	WI	IL	AR	LA	All
First	2%	3%	6%	2%	3%
Second	6	5	9	2	6
Third	17	11	11	6	12
No ranking	75	81	74	90	79
Total	100%	100%	100%	100%	100%
Number of cases	1006	1030	787	749	3572

E. Consumer Search for Credit

An important element of well functioning credit markets is consumer shopping. Consumers shopping for terms forces lenders to continually be alert to what the competition is doing and to offer the best possible terms to attract the consumer business away from other credit sources. In the four states studied, 20 percent of the consumers with a loan of $200 or more engaged in some type of credit search, a figure close to the 25 percent search rate found in the 1977 national sample (Table IV-45). Search activity was uniformly lower in the south, only half as frequent as in the northern states.

Nearly 80 percent of those shopping for credit inquired at institutions like the one which ultimately granted the loan (Table IV-46). Fifty-seven percent shopped at different types of creditors and eight percent relied on other sources of information in deciding where to apply for loans.

The proportion of consumers engaging in search was generally higher among the better educated, the younger (with the exception of Louisiana) and the higher income consumers (Table IV-47). These patterns generally held for search among the same types of institutions (Table IV-48) and among different types of lenders (Table IV-49). With few exceptions, search activity in the selected subgroups was less frequent in the south than in the north.

The most frequent type of information sought by consumers was about interest rates and related charges (Table IV-50). Overall, 67 percent of consumers' responses about desired information related to rates and charges for loans. In Louisiana, 76 percent of the responses offered were about rates, while in Arkansas, with a ten percent ceiling, only

TABLE IV-45

SEARCH FOR CREDIT TERMS BY STATE[1]

Searched For Loan Information	WI	IL	AR	LA	All	1977[2] National Sample
Yes	26%	25%	13%	14%	20%	25%
No	73	73	86	85	78	71
Don't know	1	1	1	1	1	4
No answer	*	1	*	*	1	
Total	100%	100%	100%	100%	100%	100%

[1] Sample covers all respondents borrowing at least $200 from a lending institution (N=1521)

[2] 1977 Consumer Credit Survey. [2]

*Less than .5 percent

Question: "Before you obtained this loan, did you attempt to get additional information aobut other lenders or credit terms?"

TABLE IV-46

METHODS OF SEARCH

Method	Percent[1]
Shopped at other creditors of the same type	79%
Shopped at other creditors of different types	57%
Other (talked to neighbors, checked media, etc.)	8%

[1] Sample covers all respondents who engaged in some form of search (N=312). Consumers were allowed more than one response: percentages add to more than 100 percent.

TABLE IV-47

CONSUMERS ENGAGING IN SEARCH BY SELECTED CHARACTERISTICS

Characteristics	WI	IL	AR	LA	All
Education					
Some high school or less	21%	19%	9%	13%	16%
High school	20	22	8	8	16
Some college or more	35	31	19	20	28
Age (years)					
Under 35	28	28	21	12	23
35-49	27	24	7	14	20
50 and over	22	20	7	16	16
Income (dollars)					
Less than $7500	10	27	19	0	15
$7500-12,499	23	23	20	19	21
$12,500-17,499	14	20	8	13	14
$17,500 and more	31	27	12	17	24
Number of cases	477	404	339	302	1521

*Less than .5 percent

TABLE IV-48

CONSUMERS ENGAGING IN SEARCH AMONG CREDITOR'S OF THE SAME TYPE BY SELECTED CHARACTERISTICS

Characteristics	WI	IL	AR	LA	All	1977[1] National Sample
Education						
Some high school or less	15%	17%	5%	10%	13%	3%
High school	18	24	6	7	15	7
Some college or more	28	26	15	17	23	12
Age (years)						
Under 35	22	24	17	10	19	10
35-49	23	23	3	10	17	6
50 or more	18	17	4	15	13	9
Income (dollars)						
Less than $7500	5	23	16	0	12	6
$7500-12,499	19	21	11	17	17	8
$12,500-17,499	13	22	10	11	14	6
$17,499 and more	25	22	9	14	19	9
Number of cases	447	404	339	302	1521	n.a.

*Less than .5 percent

[1] 1977 Consumer Credit Survey. [2]

TABLE IV-49

CONSUMERS ENGAGING IN SEARCH AMONG DIFFERENT CREDITOR CLASSES BY SELECTED CHARACTERISTICS

Characteristics	WI	IL	AR	LA	All	1977[1] National Sample
Education						
Some high school or less	13%	10%	4%	7%	9%	7%
High school	17	15	8	3	12	10
Some college or more	22	20	10	10	16	18
Age (years)						
Under 35	21	18	11	6	15	13
35-49	16	17	7	3	12	16
50 and more	15	9	3	9	9	9
Income (dollars)						
Less than $7500	10	14	8	*	9	4
$7500-12,499	21	17	7	10	13	12
$12,500-17,499	13	16	6	6	10	12
$17,500 and more	20	14	8	7	14	17
Number of cases	477	404	339	302	1521	n.a.

*Less than .5 percent

[1] 1977 Consumer Credit Survey. [2]

TABLE IV-50

TYPE OF INFORMATION SOUGHT BY BORROWERS WHO SEARCHED BY STATE

Type of Information Sought[1]	WI	IL	AR	LA	All	1977 National Sample[2]
Interest rate and other charges	66%	69%	50%	76%	67%	57%
Other loan characteristics[3]	17	16	19	13	16	19
Lender characteristics[4]	4	4	12	*	4	24
Other[5]	13	11	19	11	13	
Total	100%	100%	100%	100%	100%	100%
Number of responses	177	141	62	53	433	n.a.

*Less than .5 percent.

[1] The data in these categories are not entirely compatible with the 1977 national sample due to different classifications of responses.

[2] 1977 Consumer Credit Survey. [2]

[3] Other loan characteristics include maturity of contract, size of monthly payments, availability of credit insurance, credit for early payments, deferred payment acceptability, refinancing possiblities.

[4] Lender characteristics include the institutions reputation, availability of information about loans, proximity, availability of credit.

[5] Other types of information include past experience with lender.

Question: "What kind of information were you trying to get? What else?"

50 percent concerned borrowing costs. With a ten percent ceiling, there is little variation in rates charged in Arkansas (see the section on Consumer Awareness of Interest Rates), so that consumers shop for other loan terms.

Interestingly, only 23 percent of the reasons offered by consumers with loans over $200 for selecting the type of lender used specified interest rates (Table IV-51). In Arkansas, only eight percent of the responses included rates as the major reason. In Louisiana, 34 percent of the reasons provided as the main criteria for lender selection were rates. Since interest rate ceilings were generally higher here than in the other states, this result is not surprising. The same pattern was observed for selection of the particular lending institution used (Table IV-52).

Previous experience with the lender selected reduced the frequency of search (Table IV-53). Nineteen percent of the consumers who already had borrowed from the lending institution engaged in some search, compared to 23 percent of those who had no previous borrowing experience with their current lender. These consumers were either new borrowers, or their search led them to select another institution for their loan. The findings were similar to the 1977 national sample, indicating that consumers in these four states differed little from the national sample in terms of their search activities.

Overall, about one in five borrowers searched for credit terms prior to selecting a lender for their loan. Most shopping was done at the same type of institution, although over half shopped at other types of lenders. Highly educated consumers were more likely to shop, as were

TABLE IV-51

REASONS GIVEN BY BORROWERS FOR CHOICE

OF CREDITOR TYPE BY STATE

Reason[1]	WI	IL	AR	LA	All
Interest rate and other finance charges	23%	27%	8%	34%	23%
Other aspects of loan[2]	2	2	3	2	2
Institution characteristics[3]	18	17	13	13	16
Other[4]	57	54	76	51	59
Total	100%	100%	100%	100%	100%
Number of responses	648	530	429	372	1979

[1] Respondents were permitted to supply two reasons; percentages are based upon responses

[2] See footncte 3, Table IV-50.

[3] See footnote 4, Table IV-50.

[4] Includes familiarity with creditor, recommednations of other borrowers, arranged by dealer, and no other source of credit available.

Question: "What are the main reasons you chose a [source] to borrow the money from rather than one of the other institutions on this card? Why else?"

TABLE IV-52

REASONS GIVEN BY BORROWERS FOR CHOICE OF PARTICULAR CREDITOR BY STATE

Reason[1]	WI	IL	AR	LA	All
Interest rate and other finance charges	13%	18%	4%	22%	14%
Other aspects of loan[2]	2	3	1	1	2
Institution characteristics[3]	16	14	11	13	14
Other[4]	69	65	84	64	70
Total	100%	100%	100%	100%	100%
Number of responses	632	525	431	372	1960

[1] Respondents were permitted to supply two reasons; percentages are based upon responses.

[2] See footnote 3, Table IV-50.

[3] See footnote 4, Table IV-50.

[4] See footnote 4, Table IV-51.

Question: "Why did you choose this particular [source] you finally selected. Why else?"

TABLE IV-53

CONSUMER ENGAGING IN SEARCH BY STATE AND PREVIOUS EXPERIENCE WITH LENDER[1]

Borrowed Here Before	WI	IL	AR	LA	All	1977 National[2] Sample
Yes	26%	21%	11%	12%	19%	23%
No	27	31	15	18	23	29
Number of cases	477	404	339	302	1521	n.a.

[1] This table should be read as follows: "Twenty-six percent of the respondents who lived in Wisconsin and had previous expereince with this lender engaged in some form of search."

[2] 1977 Consumer Credit Survey. [2]

Question: "Have you ever obtained credit or a loan from this [source] before?"

young consumers and those in the upper end of the income distribution. Search activity occurred in the south at about half the rate observed in the north. Although rates of charge were the major type of information sought, surprisingly few consumers reported that the rate offered was the main determinant of their selection of a lender.

F. Attitudes Toward Credit and Creditors

This section deals with people's opinions of various credit arrangements, terms and credit sources. Knowledge of consumers' attitudes can provide information about how well variously regulated credit markets are functioning, and can be helpful in predicting consumer behavior.

Respondents were asked two questions about their general feelings with regard to credit. The questions revealed generally favorable attitudes toward instalment buying and were similar to the attitudes found in the 1977 national sample (Table IV-54). Approximately one-half of the respondents thought that instalment buying was a good idea, while less than one in five thought it was a bad idea. These results hold for each state-wide subsample as well. Among those currently using instalment credit, attitudes were somewhat more favorable than those for the entire sample, while those not currently using such credit expressed somewhat less favorable attitudes toward instalment buying.

The most frequently cited reason by those feeling instalment buying was a good idea was that one could "buy without waiting" (Table IV-55). Many respondents seemed to feel that a decision regarding instalment buying should hinge significantly on one's ability to manage money and on the nature of the purchase. Also, many respondents indicated that instalment buying tended to create money management problems.

The general attitudes expressed in the first question were broken down into categories with respect to education, age, and income (Table IV-56). Consumers with higher levels of education less frequently expressed negative attitudes toward instalment credit buying. Yet the proportion of respondents who view instalment credit as both good and bad also

TABLE IV-54

ATTITUDES TOWARD INSTALMENT BUYING

Percentage Distribution:	AR	IL	LA	WI	All	1977[1] National Sample
All respondents						
Good	52%	48%	49%	45%	49%	50.6%
Both good and bad	33	31	34	5	33	31.8
Bad	14	19	14	19	17	14.9
Don't know	1	2	3	1	1	2.7
Total	100%	100%	100%	100%	100%	100.0%
Number of cases	787	1030	749	1006	3572	
Have instalment credit						
Good	57	58	56	54	56	58.7
Both good and bad	34	28	35	34	33	30.8
Bad	9	13	8	12	11	8.7
Don't know	*	1	1	*	*	1.9
Total	100%	100%	100%	100%	100%	100.0%
Number of cases	291	315	242	362	1210	
No instalment credit now						
Good	49	44	46	41	45	43.4
Both good and bad	33	32	33	35	33	32.7
Bad	17	21	17	23	20	20.4
Don't know	1	3	4	1	2	3.5
Total	100%	100%	100%	100%	100%	100.0%
Number of cases	496	715	507	644	2362	

*Less than .5 percent

[1] 1977 Consumer Credit Survey [2]

Question: 'Do you feel it is a good idea or a bad idea for people to use credit to purchase items.

TABLE IV-55

REASONS FOR ATTITUDES TOWARD INSTALMENT BUYING

Actual Number of Responses

REASON	ARKANSAS			ILLINOIS			LOUISIANA			WISCONSIN			TOTAL SAMPLE		
	Good	Both	Bad	Good	Both	Bad	Good	Both	Bad	Good	Both	Bad	Good	Both	Bad
Good Idea Response:															
Improves Std. of living	8	1	0	25	2	0	2	4	0	18	4	0	53	11	0
Can buy; without waiting	279	59	4	273	63	0	223	56	0	262	57	2	1037	235	6
Teaches financial resp.	5	0	0	6	1	0	0	0	0	0	0	0	11	1	0
Good for economy	27	1	0	28	3	0	2	1	0	35	8	0	62	13	0
To establish credit	29	12	1	53	14	0	27	7	1	60	24	0	169	57	2
Convenience	31	16	0	63	20	1	36	11	0	52	23	1	182	70	2
Easier, Safer more accepted way to buy	35	7	0	63	10	3	30	2	0	49	13	1	197	32	4
Other	10	7	0	42	0	0	14	5	0	49	13	0	124	34	0
Good/Bad;Depends on:															
Age of Buyer	7	2	0	5	5	3	4	6	6	1	8	2	17	21	11
Source of Credit	0	0	0	0	1	0	0	1	0	0	0	0	0	2	0
Nature of Purchase	19	62	11	37	76	7	20	49	2	29	90	4	105	277	24
Buyers Money Mgmt. ability	20	60	1	17	71	1	20	47	0	26	61	2	83	239	4
Availability of cash	3	8	0	3	13	0	3	4	0	2	12	3	11	37	3
Finance Charge/Int. Rate	0	1	0	0	0	0	0	0	0	1	2	0	1	3	0
Buyer's Fin. Cond./ Job Sec.	7	12	1	15	9	0	8	6	1	9	24	0	39	51	2
Other	2	7	0	2	9	0	4	13	1	4	10	1	12	39	2
Bad Idea Response:															
Encourages impulse buying	1	29	17	3	23	32	1	32	17	1	35	23	6	119	89
Economically bad: Causes Inflation	1	2	2	0	1	8	0	1	1	0	4	6	1	8	16
Credit/Debt Intrinsically bad: Erodes Character	1	6	22	2	19	69	1	4	16	1	18	64	5	47	177
Leads to harrassment	0	0	0	0	2	5	0	0	1	0	0	6	0	2	12
Interest charges too high	1	10	24	2	22	36	0	16	21	3	15	31	6	63	112
People Abuse Credit	6	26	17	2	35	10	1	17	10	4	19	9	13	97	46
Creates Money Mgmt Pblms.	6	51	52	3	57	69	0	44	41	6	75	91	15		253
Other	0	4	3	0	2	6	0	2	2	0	1	11	0	9	22
Not known/no second mention	303	145	67	351	175	129	338	175	95	308	184	121	1300	679	412

TABLE IV-56

ATTITUDES TOWARD INSTALMENT DEBT USE
PERCENTAGE DISTRIBUTION BY SELECTED GROUPS:

	Attitude					
	Good	Both Good and Bad	Bad	Don't Know Not Ascertained	All	Number Of Cases
Education						
Some high school or less	48%	30%	19%	3%	100%	1129
High School	50	30	19	1	100	697
Some post-high school schooling	47	36	16	1	100	1110
College degree(s)	51	38	11	*	100	629
Age (years)						
Under 35	52	33	14	1	100	1288
35 - 49	54	31	14	1	100	835
50 and over	42	35	21	2	100	1444
Income (dollars)						
Less than $7,500	44	29	23	4	100	542
$7,500 - $12,449	48	33	18	1	100	574
$12,500 - $17,449	47	37	14	2	100	481
$17,500 - $29,999	50	34	15	1	100	995
$30,000 and more	56	30	14	*	100	462
Those now using instalment credit	56	33	11	*	100	1210
Those not now using instalment credit	45	33	20	2	100	2362
All	49%	33%	17%	1%	100%	3572

*Less than .5 percent

Question: "Do you feel it is a good idea or a bad idea for people to use credit to purchase items?"

increases with educational level. These results may be indicative that education increases the awareness of both the good and bad aspects of instalment credit. That is, it may serve to decrease "fears" about credit while encouraging a cautious attitude toward its use.

Only those over 50 seem to stand out as a distinct category favoring credit to a somewhat lesser extent than other age groups. The breakdown across income levels reveals a general correspondence between higher income levels and more favorable attitudes towards instalment credit.

Respondents answered a series of questions designed to reveal specific information about consumers' attitudes toward instalment credit. First, individuals were asked for their opinion of a selected list of reasons for which someone like themselves might borrow. The most appropriate reasons for borrowing were found to be for an automobile purchase, to cover expenses caused by illness, and to cover educational expenses (Table IV-57). The least accepted reasons for borrowing were for a fur coat or jewelry, vacations, and for boats, snowmobiles, and other hobby items. Responses varied somewhat across the state-wide subsamples, but no subsample has lower or higher percentages of "appropriate" responses for all reasons. Generally, the subsample analysis seems to reveal relative homogeneity across markets.

Respondents were presented five different statements about creditors, both "positive" and "negative," and asked to what extent they agreed or disagreed with each statement. The results are shown in Table IV-58 for both the total sample and four statewide subsamples. Eighty-three percent of the respondents in the total sample agreed at least somewhat that creditors treat their customers fairly, while 76 percent agreed at

TABLE IV-57

APPROPRIATE USES FOR CREDIT

(PERCENT FAVORING USE)

Appropriate Reason For Borrowing	All	AR	IL	LA	WI
Cover Expenses of a vacation trip	16 %	16 %	19%	11%	16 %
Cover Living Expenses When Income is cut	39	42	38	39	39
Consolidate Bills which have piled up	42	45	43	41	41
Finance purchase of a fur coat/jewelry	5	7	7	3	3
Finance boats, snowmobiles, other hobby items	19	21	17	18	20
Finance purchase of a car	84	83	84	84	85
Cover expenses caused by illness	75	82	67	79	74
Finance educational expenses	71	75	70	66	74
Finance purchase of furniture	54	58	53	59	49
Number of cases	3572	787	1030	749	1006

Question: "People have many different reasons for borrowing money which they pay back over a period of time. For each of the reasons listed on this card, please tell me if you feel it is alright or not for someone like yourself to borrow money."

TABLE IV-58

ATTITUDES TOWARD CREDITORS

	Strongly Agree	Agree Somewhat	Disagree Somewhat	Strongly Disagree	Not Ascertained	All
Total Sample: (3572 cases):						
a. They usually treat their customers fairly	32%	51%	11%	3%	2%	100%
b. It would be good for customers if they weren't around	6	20	33	39	2	100
c. Most people are satisfied in their dealings with them	21	55	17	4	3	100
d. They provide a useful service to customers	45	45	6	2	2	100
e. They try to take advantage of those who borrow from them	11	30	33	24	2	100
Arkansas (787 cases):						
a. They usually treat their customers fairly	35%	49%	10%	4%	2%	100%
b. It would be good for customers if they weren't around	5	18	31	44	2	100
c. Most people are satisfied in their dealings with them	24	53	16	4	3	100
d. They provide a useful service to customers	49	42	6	2	1	100
e. They try to take advantage of those who borrow from them	9	26	31	32	2	100
Illinois (1030 cases):						
a. They usually treat their customers fairly	29%	51%	14%	4%	2%	100%
b. It would be good for customers if they weren't around	8	18	36	36	2	100
c. Most people are satisfied in their dealings with them	19	52	21	5	3	100
d. They provide a useful service to customers	44	43	8	3	2	100
e. They try to take advantage of those who borrow from them	13	30	35	19	3	100

TABLE IV-58--Continued

	Strongly Agree	Agree Somewhat	Disagree Somewhat	Strongly Disagree	Not Known Not Ascertained	All
Louisiana (749 cases):						
a. They usually treat their customers fairly	37%	51%	8%	2%	2%	100%
b. It would be good for customers if they weren't around	4	26	29	39	2	100
c. Most people are satisfied in their dealings with them	27	56	11	3	3	100
d. They provide a useful service to customers	44	48	5	1	2	100
e. They try to take advantage of those who borrow from them	12	32	32	21	3	100
Wisconsin (1006 cases):						
a. They usually treat their customers fairly	31%	54%	11%	3%	1%	100%
b. It would be good for customers if they weren't around	7	21	33	38	1	100
c. Most people are satisfied in their dealings with them	18	58	19	2	3	100
d. They provide a useful service to customers	43	48	6	2	1	100
e. They try to take advantage of those who borrow from them	10	30	34	25	1	100
1977 National Sample[1]						
a. They usually treat their customers fairly	25%	54%	13%	4%	4%	100%
b. It would be good for customers if they weren't around	6	20	35	36	3	100
c. Most people are satisfied in their dealings with them	16	57	17	4	6	100
d. They provide a useful service to customers	41	49	6	1	3	100
e. They try to take advantage of those who borrow from them	10	32	35	20	3	100

[1] *1977 Consumer Credit Survey*. [2]

least somewhat that most people are satisfied in their dealings with creditors, and 90 percent agreed at least somwehat that creditors provide a useful service to customers. On the other hand, 26 percent agreed at least somewhat that it would be good for customers if creditors were not around, and 41 percent agreed at least somewhat that creditors try to take advantage of those who borrow from them. All of these results closely correspond to the findings of the national sample. Each of the state-wide subsamples differ little in their opinions about creditors.

An extensive analysis of credit card use is provided elsewhere in this volume. Here, attitudes toward credit card use are shown in Table IV-59. Attitudes have improved substantially since 1970, and the data suggest that consumers in the four states studied differ little in their opinions from a representative national sample of consumers.[9]

TABLE IV-59

ATTITUDES TOWARD CREDIT CARDS

Response	All Families	1977 National Sample[1]	1970 National Sample[2]
Good	31%	38.1%	26%
Good with qualifications	22	19.0	12
Both good and bad	19	10.8	12
Bad with qualifications	2	4.1	4
Bad	25	26.8	41
Don't know or not ascertained	1	1.3	4
Total	100%	100.0%	100%

[1] 1977 Consumer Credit Survey. [2]

[2] 1970 Survey of Consumers Finances [9]

Question: "Now I would like to get your feelings about credit cards. In general, do you feel the use of credit cards is good or bad?"

G. Perceptions of Unfair Credit Practices And Consumer Complaints

What consumers think about regulations and how they react to them is an important determinant of how consumers use credit and how they feel about the institutions providing credit services. How many consumers have complaints and what do they complain about? How do consumers' complaints vary across market areas with different regulatory environments?

Respondents were first asked whether they felt they had ever been treated unfairly in applying for or using credit. Those who had were then given the opportunity to cite two practices they considered unfair. Eight hundred and fifty-four consumers provided 1,233 responses. These results are presented in Table IV-60. Arkansas respondents more frequently reported unfair experiences than the total average, while in Louisiana, complaints were less frequent.

Table IV-61 illustrates that the most frequently cited practice considered unfair was the credit granting process. Arkansas, which has the lowest rate ceiling of the four states, had the highest incidence of complaints, followed by Wisconsin and Illinois. Louisiana, with the most liberal rate ceilings, had the fewest complaints in this category. Only 15 percent cited an unfair credit practice, compared to 29 percent in Arkansas.

Complaints regarding rates and terms were most frequent in Louisiana and least frequent in Arkansas. Thirteen percent of the complaints in Louisiana related to rates and terms, compared to only four percent in Arkansas. This is expected since rates are held to a maximum of ten

TABLE IV-60

PERCEPTIONS OF "UNFAIR" CREDIT EXPERIENCES

"Unfair" Experiences Mentioned	Wisconsin		Illinois		Arkansas		Louisiana		All Families	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Total Percent
At least one	259	26%	259	25%	230	29%	113	15%	861	24%
None	747	74	770	75%	556	71	635	85	2708	76
Missing	0	*	1	*	1	*	1	*	3	*
Total	1006	100%	1030	100%	787	100%	749	100%	3572	100%

Question: "In your opinion, have you ever been treated unfairly in your credit transactions?"

*less than .5 percent.

TABLE IV-61

TYPE OF PROBLEM CONSIDERED UNFAIR BY GENERAL CATEGORY

	Wisconsin		Illinois		Arkansas		Louisiana		Total		1977[2] National Survey
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:		
Problem[1]	People With Problems N=256	Problems N=373	People With Problems N=258	Problems N=366	People With Problems N=229	Problems N=337	People With Problems N=111	Problems N=155	People With Problems N=854	Problems N=1230	Problems N=947
Credit granting	50%	34%	42%	29%	45%	30%	40%	28%	45%	31%	18%
Collection	5	4	7	5	5	4	8	6	6	4	13
Rates, terms	10	7	11	7	6	4	19	13	10	7	24
Handling, mistakes	20	13	21	15	18	12	21	15	20	14	24
Personal characteristics	16	11	14	10	22	15	9	7	16	11	5
Credit characteristics	27	19	29	20	33	22	28	20	29	20	7
Financial characteristics	10	7	13	9	11	7	10	7	11	8	4
No reason given	8	5	6	4	7	5	5	3	7	4	*
Other	*	*	*	1	1	1	1	1	1	1	3
DK, NA	*	*	*	*	*	*		*	*	*	2
Total		100%		100%		100%		100%		100%	100%

Question: "In what respect do you feel you were treated unfairly? What other problems did you have?"

[1] There can be two responses per respondent. In this case 854 people gave 1233 responses.

*Less than .5 percent.

[2] Based on a national sample of U.S. households, 1977 Consumer Credit Survey. [2]

percent by law in Arkansas but are least restricted in Louisiana. The situation is reversed in the category of unfair consideration of personal characteristics, i.e., respondents in Arkansas found this to be a problem more often (15 percent of complaints) while those in Louisiana felt it was a problem least often (seven percent of all complaints). Creditors in Arkansas, who cannot charge rates above ten percent must be more restrictive in granting credit. Creditors in Louisiana are less restrictive because they can charge higher rates to cover their risk. Thus, fewer consumers complain about being turned down for credit based on their personal characteristics.

Complaints regarding unfair credit collections occurred in Louisiana with above average frequency. Even though Louisiana does have restrictive remedies, more credit is given to riskier people so the number of problems should be higher. As rate restrictions became more binding, fewer complaints about collections were made, with only four percent citing collections as an instance of unfair credit experiences. Tighter credit standards have reduced the number of consumers that are likely to become delinquent and become a collection problem.

There are several differences between the frequency of problems mentioned in this study and in the 1977 national sample.[10] More people in the current study appear to be dissatisfied with the credit granting process, the rates and terms, the consideration of personal characteristics, and credit characteristics. On the other hand, fewer people were dissatisfied with collection processes, the handling of mistakes, and creditor treatment of financial characteristics. These differences should not be presumed to represent a change in the national situation since the four states do not represent the same regulatory mix reflected in a national sample of U.S. families. Regulations clearly affect consumers perceptions of how they are treated in credit transactions.

When asked whether there were unfair credit practices they would like to see changed, 36 percent (Table IV-62) responded in the affirmative, even though only 24 percent felt they had experienced unfair credit practices (Table IV-60). Louisiana respondents least often wanted unfair credit practices changes. Only 28 percent wanted changes made, compared to nearly 40 percent in other states.

Respondents could propose up to two changes they would like to see and 1,565 responses were given by 1,265 people. Practices related to terms and rates were mentioned most often (61 percent of the respondents, 49 percent of the proposed changes) as those which consumers would like to see changed (Table IV-63).

Terms and rates were of most frequent concern in Louisiana, the state with the highest rate ceilings. Relatively few people complained about institutional practices in Louisiana, possibly due to the restrictive remedies in that state. Arkansas consumers more frequently wanted financial characteristics to be disregarded. Again, this could be due to the low rate ceiling which forces Arkansas creditors to be relatively more restrictive.

The highest incidence of credit rejection was in Arkansas, again in keeping with the low rate ceiling (Table IV-64). The responses to a related question, "Have you ever been unable to get enough credit?" are shown in Table IV-65. Five percent responded affirmatively in all states except Louisiana where three percent reported getting less credit

TABLE IV-62

WANT UNFAIR CREDIT PRACTICES CHANGED?

	Wisconsin		Illinois		Arkansas		Louisiana		Total	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
Yes	374	37%	395	38%	297	38%	210	28%	1276	36%
No	620	62	616	60	481	61	528	70	2245	63
DK, NA, Ref.	12	1	19	2	9	1	11	2	51	1
	1006	100%	1030	100%	787	100%	749	100%	3572	100%

Question:"Are there any practices of creditors or lenders in general that you think are unfair and would like to see changed?"

TABLE IV-63
UNFAIR PRACTICES WANT CHANGED BY GENERAL CATEGORY

Practice	Wisconsin		Illinois		Arkansas		Louisiana		Total[1]	
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:	
	People With Problems N=373	Problems N=456	People With Problems N=388	Problems N=505	People With Problems N=295	Problems N=365	People With Problems N=209	Problems N=239	People With Problems N=1265	Problems N=1565
Terms, Rates	62%	50%	63%	48%	51%	41%	69%	60%	61%	49%
Institutional[2] Practices	39	32	37	28	36	29	26	22	36	29
Disregard Criteria Concerning:										
Personal Characteristics[3]	10	8	16	12	15	12	8	7	13	10
Financial Characteristics[4]	4	4	8	6	14	11	4	4	7	6
Credit Characteristics[5]	2	1	3	2	2	2	2	2	2	2
Misc.,Other	5	5	4	4	6	5	6	5	5	4
		100%		100%		100%		100%		100%

Question: "What would you like to see changed? What else?" (in reference to credit practices)

[1] See Footnote 1, Table IV-61.

[2] These practices include standards of the institution, treatment of the borrower by the lender, access to credit records by borrower, providing the borrower with more credit information.

[3] These include family background, marital status, sex, age, race.

[4] These include employment status, length of residence, income.

[5] These include assets, savings, checking accounts, credit history, outstanding debt.

TABLE IV-64

RESPONDENT EVER BEEN REJECTED FOR CREDIT

	Wisconsin		Illinois		Arkansas		Louisiana		Total	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
Yes	156	16%	197	19%	220	28%	92	12%	665	19%
No	849	84	831	81	567	72	653	87	2900	81
DK, NA, Ref.	1	*	2	*	0	*	4	1	7	*
	1006	100%	1030	100%	787	100%	749	100%	3572	100%

Question: "In the past few years have you been turned down when you have applied for credit or a loan from a creditor?"

*Less than .5 percent.

TABLE IV-65

RESPONDENT UNABLE TO GET ENOUGH CREDIT

	Wisconsin		Illinois		Arkansas		Louisiana		Total	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
Yes	45	5%	48	5%	35	5%	20	3%	148	4%
No	957	95	973	94	744	94	723	96	3397	95
DK, NA, Ref.	4	*	9	1	8	1	6	1	27	1
	1006	100%	1030	100%	787	100%	749	100%	3572	100%

Question: "In the past few years, did you ever borrow money but not get as much credit as you would have liked from a creditor? "

*less than .5 percent.

than they wanted. Although Louisiana had many fewer rejections, a higher proportion of those rejected reported their credit characteristics as the reason for rejection. Wisconsin and Illinois consumers most frequently cited financial characteristics as the reason for credit rejection (Table IV-66). Reasons for getting less credit than desired predominately related to personal characteristics (Table IV-67). Data for each state are presented, but are based on relatively few cases.

Consumers deal with many different types of creditors. In Arkansas, with the most restrictive interest rate ceiling, 40 percent reported rejections by banks, compared to 31 percent to 33 percent in the three other states (Table IV-68). A similar pattern is observed for consumers who did not get all the credit they wanted (Table IV-69). Few Arkansas consumers reported finance company rejections since, for all practical purposes, the industry does not operate in Arkansas because of the low rate ceiling. Ab[illegible] 35 percent of the rejections in other states were at finance companies, which tend to serve riskier consumers.

Consumers have many different reasons for getting credit. For those turned down or receiving less credit than desired, the major purpose of the loan is shown in Tables IV-70 and IV-71. Twenty-three percent of the rejections were for car loans and 31 percent of the instances of receiving less credit than desired involved automobile financing. Twenty-three percent of the rejections were for credit cards and 14 percent involved durable goods.

As a result of the rejections and the reductions in the amount of credit received, consumers took a large number of different actions (Table IV-72). Thirty-five percent made no transaction. This proportion

TABLE IV-66

REASON REJECTED FOR CREDIT BY STATE

Category	Wisconsin		Illinois		Arkansas		Louisiana		Total[1]	
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:	
	People Rejected N=153	Reasons N=183	People Rejected N=192	Reasons N=236	People Rejected N=216	Reasons N=243	People Rejected N=90	Reasons N=102	People Rejected N=651	Reasons N=770
Personal Characteristics[2]	6%	5%	12%	9%	7%	7%	7%	6%	84%	7%
Credit Characteristics[3]	60	50	55	45	54	48	66	58	57	48
Financial Characteristics[4]	33	27	41	33	25	22	24	21	31	26
Misc. Reasons	21	18	16	13	26	22	14	13	20	17
DK, NA	*	*	*	*	*	1	*	2	*	2
Total		100%		100%		100%		100%		100%

Question:"What were the reasons given you when they turned you down?"

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[1] See Footnote 1, Table IV-61.

[2] These include family size and background, marital status, sex, age, reputation, health.

[3] These include value of assets, credit history, debt outstanding.

[4] These include employment status, length of residence, source and flow of income.

*Less than .5 percent.

TABLE IV-67

REASON GIVEN FOR NOT ENOUGH CREDIT GRANTED BY STATE

	WI		IL		AR		LA		Total[1]	
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:	
Category	People N=43	Reasons N=49	People N=45	Reasons N=50	People N=35	Reasons N=39	People N=17	Reasons N=23	People N=140	Reasons N=161
Personal Characteristics[2]	2%	2%	2%	2%	3%	3%	12%	9%	4%	3%
Credit Characteristics[3]	47	41	55	50	51	46	59	43	52	45
Financial Characteristics[4]	14	12	22	20	14	13	29	22	19	16
Misc. Reasons	47	41	29	26	43	38	18	13	36	32
DK, NA	5	4	2	2	*	*	18	13	4	4
Total		100%		100%		100%		100%		100%

*Less than .5 percent.

[1] See Footnote 1, Table IV-61.

[2] These include marital status, sex, age, health.

[3] These include value of assets, credit history, debt outstanding.

[4] These include employment status, length of residence, income.

Question: "What reasons did the creditor give you for not granting you the amount of credit you wanted?"

TABLE IV-68

WHICH CREDITOR REJECTED

Type of Creditor	WI	IL	AR	LA	Total
Bank	31%	31%	40%	33%	34%
Dealer, store	31	31	39	40	35
Finance or Loan Co.	20	15	5	19	14
Credit union	6	9	1	1	5
Employer	*	*	*	*	*
Friends, relatives	*	*	1	*	*
Bank and another	7	4	6	3	5
Dealer, store and another	1	3	2	*	2
Credit union and another	*	*	*	*	*
Three mentions	1	3	1	1	1
Other	3	4	5	3	4
Total	100%	100%	100%	100%	100%
Number Rejected	156	197	220	92	665

*Less than .5 percent.

Question: "What type creditor turned you down?"

TABLE IV-69

WHICH CREDITOR DID NOT GIVE ENOUGH CREDIT?

	WI	IL	AR	LA	Total
Bank	9%	25%	26%	10%	18%
Dealer, store	31	40	54	35	40
Finance or loan co.	38	25	11	40	28
Credit union	16	10	6	5	10
Friend, relative	*	*	*	5	1
Bank and another	*	*	3	*	1
Dealer, store and anoter	4	*	*	*	1
Other	2	*	*	5	1
Total	100%	100%	100%	100%	100%
Number of consumers	45	48	35	20	148

*Less than .5 percent.

Question: "What type creditor did not give you as much credit as you wanted?"

TABLE IV-70

WHAT REJECTED LOAN WAS FOR

Loan Purpose	WI	IL	AR	LA	Total
Car	23%	25%	22%	18%	23%
Household durables	14	15	16	9	14
Other large items	3	1	5	2	3
Home improvement	2	3	4	2	3
Vacation	*	2	*	*	1
Sports, hobby item	1	2	1	3	2
Buy home, mortgage	10	7	8	9	8
Business investments	2	2	3	*	2
Pay off bills	8	11	7	13	9
General expenses	2	4	6	12	5
Consolidation of loans	4	4	1	1	3
Refinancing loan	*	*	1	*	*
Education expenses	1	*	*	*	*
Credit card	26	20	22	28	23
Other	4	4	4	3	4
Total	100%	100%	100%	100%	100%
Number of consumers	156	197	220	92	665

*Less than .5 percent.

Question: "What did you need the credit for? (in reference to rejected loan)"

TABLE IV-71

WHAT LOAN WAS FOR WHEN NOT ENOUGH CREDIT WAS GRANTED

Loan Purpose	WI	IL	AR	LA	Total
Car	24%	39%	29%	30%	31%
Household durables	18	9	8	5	11
Other large item	7	*	*	5	3
Home improvement	4	4	8	5	5
Vacation	2	*	*	*	1
Sports, hobby items	2	2	3	*	2
Buy home, motrgage	4	4	6	15	6
Business investment	9	2	6	5	5
Pay off bills	11	9	20	15	13
General expenses	5	9	6	*	6
Consolidation of loans	2	2	3	*	2
Education expenses	2	2	3	*	2
Credit card	5	*	*	5	2
Other	5	18	9	15	11
Total	100%	100%	100%	100%	100%
Number of consumers	45	46	35	20	146

Question: "What was the reason you wanted the credit? (in reference to not receiving enough credit)"

*Less than .5 percent.

TABLE IV-72

ACTION TAKEN WHEN DID NOT GET ENOUGH CREDIT

Action	Wisconsin		Illinois		Arkansas		Louisiana		Total	
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:	
	People With Problems N=28	Problems N=29	People With Problems N=32	Problems N=36	People With Problems N=23	Problems N=23	People With Problems N=8	Problems N=8	People With Problems N=91	Problems N=96
Complained to creditor	4%	3%	3%	3%	*%	*%	*%	*%	2%	2%
Paid more cash, downpayment	29	28	3	3	13	13	*	*	13	13
Did not make transaction	21	21	31	28	58	58	37	37	35	33
Bought something cheaper	11	10	19	16	18	18	13	13	15	15
Saved money, used personal assets	4	4	28	25	4	4	13	13	13	13
Got help from friends	7	7	9	8	3	3	12	12	8	7
Accepted terms	7	7	9	8	4	4	*	*	7	6
Nothing	18	17	*	*	*	*	25	25	8	7
Other	4	3	6	6	*	*	*	*	3	3
DK	*	*	3	3	*	*	*	*	1	1
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Question: "What did you finally do when you were unable to get all of the credit you wanted?"

* Less than .5 percent.

was 58 percent in Arkansas. Thirteen percent paid more down. Most of these consumers were in Arkansas and Wisconsin, the two most restrictive states in terms of rates and remedies. Others postponed purchases until more money could be saved or used assets (13%). Fifteen percent purchased a cheaper item.

When asked whether consumer laws were satisfactory in their respective states, Louisiana respondents replied yes most frequently, (64%), while Illinois residents were less satisfied in general (46%) (Table IV-73).

Table IV-74 shows how people think the consumer protection laws should be changed. The predominant answer was that interest rates should be regulated by imposing lower rate ceilings (47%). In Arkansas, where rates are restricted to ten percent, only 30 percent of those wanting a change in laws desired lower rates. In Louisiana, a high rate state, 74 percent wanted lower rates, but only half as many consumers had a complaint as in Arkansas. Other responses are shown in great detail, but should be interpreted carefully due to the small number of cases.

TABLE IV-73

ARE CONSUMER PROTECTION LAWS IN YOUR STATE SATISFACTORY?

	WI		IL		AR		LA		Total	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
Yes	542	54%	479	46%	445	56%	477	64%	1943	54%
Yes and no	38	4	48	5	49	6	18	2	153	4
No	183	18	237	23	169	22	87	12	676	19
Ref, DK, NA	243	24	266	26	124	16	167	22	800	23
Total	1006	100%	1030	100%	787	100%	749	100%	3572	100%

TABLE IV-74

HOW WOULD YOU CHANGE CONSUMER PORTECTION LAWS IN YOUR STATE?

	Wisconsin		Illinois		Arkansas		Louisiana		Total	
	Percent of:		Percent of:		Percent of:		Percent of:		Percent of:	
Changes	People With Problems N=219	Problems N=273	People With Problems N=269	Problems N=354	People With Problems N=209	Problems N=244	People With Problems N=103	Problems N=124	People With Problems N=800	Problems N=995
Enforce existing laws	1%	1%	2%	1%	1%	*%	*%	*%	1%	1%
Enforce existing laws evenly	3	2	4	3	5	5	2	1	4	3
Make existing laws better known	1	*	*	*	1	*	2	1	1	1
Write understandable laws	2	2	3	2	1	*	1	1	2	1
Publicize fraud/ dishonest practices	1	*	2	2	*	*	*	*	1	1
Have regular review of books/practices	1	1	*	*	*	*	1	1	1	*
Regulate lending sources	1	*	1	1	*	*	2	1	1	1
Regulate interest rates (lower)	55	44	43	33	30	26	74	61	47	38
Regulate advertising by lenders	*	*	1	1	*	*	*	*	*	*
Make it more difficult to get credit	10	8	11	8	1	1	2	2	7	6
Require better explanation of terms	1	1	2	1	1	1	1	1	1	1
Establish place where consumers can get help	1	*	*	*	*	*	*	*	*	*
Create a consumer protection agency	*	*	*	*	*	*	*	*	*	*
Prevent hidden charges	1	1	*	*	1	1	3	2	1	1
Regulate collection procedures	18	15	22	17	18	16	17	14	19	15

TABLE IV-74--Continued

Protect buyer from repossession penalty when miss payment due to emergency	4	3	5	3	3	3	1	1	4	3
Pass more/better consumer rights legislation	4	3	7	6	4	4	4	3	5	4
Require seller to stand behind products	1	*	2	1	1	1		1	1	1
Nothing can be done - NFS	*	*	*	*	1	*	*	*	*	*
Nothing-consumers not educated enough to understand	*	*	*	*	*	*	*	*	*	*
Nothing-consumer must protect self	*	*	*	*	1	*	*	*	*	*
Nothing-not enough people interested in making changes	*	*	*	*	*	*	*	*	*	*
Nothing-congress won't	*	*	*	*	1	*	*	*	*	*
Too much protection now-too costly	1	*	*	*	*	*	*	*	*	*
Too much protection now-free enterprise	1	*	*	*	*	*	*	*	*	*
Restrict access to person records	2	2	2	1	1	*	*	*	1	1
Restrict/regulate credit investigations	1	*	1	1	1	1	*	*	1	1
Higher interest rate ceiling	2	2	*	*	29	25	1	1	9	7
Allow seller/creditor more remedies	6	4	3	3	3	3	1	1	4	3
Change laws in general	1	1	3	2	*	*	*	*	1	1
Improve chances for loan, fairer treatment	3	2	7	6	9	8	4	3	6	4

TABLE IV-74--Continued

Pass laws to protect seller/creditor	4	3	1	1	*	*	1	1	1	1
Other	4	3	5	3	3	3	2	2	4	3
Don't Know, NA	1	1	5	4	2	2	2	2	3	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than .5 percent.

H. Credit Insurance

Credit insurance has become an important and controversial part of the package of financial services offered by lenders. The most common form of insurance offered is credit life insurance, which pays off the debtor's obligation in the event of his or her death. More recently, accident and health insurance and income interruption portection have also been offered to users of consumer credit. The amount of credit insurance available is generally limited to the size of the loan, and the charge is usually a function of the loan balance (e.g., 50 cents per hundred dollars owed). The data available from this study provide information on both the use of credit insurance and consumers' attitudes toward the use and availability of consumer credit.

Use of Credit Insurance

Over half of the credit purchases of durables and sports and hobby equipment involved the use of credit insurance (Table IV-75). The use of credit insurance showed no systematic relationship to the income of the purchaser, perhaps because lower income families, found to be more frequent users of credit insurance, make these types of purchases less often.[11]

Loans with credit insurance were least frequent in Arkansas (58%) and most common in Louisiana (71%), the states with the lowest and highest rate ceilings respectively (Table IV-76). The use of accident and health insurance was most frequent in the two northern states, while property insurance was most frequently used in Arkansas. Overall, based on consumers with loans of $200 or more, 64 percent reported some type of credit insurance. Eighty-three percent of the contracts carried life insurance, 40 percent carried accident and health protection and five percent carried property insurance.

TABLE IV-75

CREDIT INSURANCE USE FOR LARGE TRANSACTIONS[1]

Income Quintile	Durable Goods	Hobby and Recreation Items
Lowest	46%	50%
Second	46	85
Third	64	56
Fourth	48	59
Highest	57	55
Not ascertained	45	83
All transactions	52%	59%
Number of transactions	360	160

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[1] Based only on transactions involving the use of credit.

Question: "Was the loan covered by any credit insurance that would pay off the loan if you die or make payments if you become disabled or sick?"

TABLE IV-76

CREDIT INSURANCE USE WITH LARGE LOANS[1]

	WI	IL	AR	LA	All
Percent with a loan[1]	47%	39%	42%	40%	42%
Number of families	480	402	335	302	1521
Percent of loans with					
Credit insurance[2]	67%	62%	58%	71%	64%
Credit life	75	83	85	94	83
Accident and health	62	47	13	25	40
Property	3	5	11	2	5
Number of loans	323	253	198	215	989

[1] Based on consumer loans of $200 or more.

[2] Detail adds to more than 100 percent since some loans have more than one type of insurance. Percent of loans with credit insurance.

Question: "Is this loan covered by any credit insurance such as the types listed on this card?"

Of those consumers with loans that did not have credit insurance, half reported that they did not want or need the insurance (Table IV-77). Seventeen percent reported that they did not know it was available. Thirteen percent rejected the insurance because it was too expensive.

For those consumers taking credit insurance, additional charges were imposed for the coverage in over 65 percent of the cases (Table IV-78). There were few differences in the incidence of separate fees by type of lender with the exception of credit unions, where in only about half of the instances was a separate charge imposed. Most credit unions have traditionally provided credit insurance to all of their customers.

In many instances, credit insurance was never mentioned or recommended to the borrower (Table IV-79). Of all families with a loan of $200 or more 35 percent reported that credit insurance was never mentioned or was not recommended. In 38 percent of the cases, credit insurance was recommended, but only eight percent characterized the recommendation as a "strong" one. Seven percent of the borrowers reported that their credit insurance was automatic or free.

About 15 percent of the consumers with loans from Arkansas and Louisiana reported that credit insurance was required, compared to ten percent in Wisconsin and Illinois. Lenders in Louisiana more frequently recommended credit insurance (42 percent of the time, compared to 23 percent to 29 percent in the other three states), but made "strong" recommendations no more frequently than lenders in any other state.

Lender recommendations varied little by type of lender, with the exception of the high percentage of automatic or free credit insurance from credit unions (Table IV-80). Finance companies were reported to have

TABLE IV-77

REASONS FOR NOT GETTING CREDIT INSURANCE[1]

Reason	WI	IL	AR	LA	All
Recipient not insurable	4%	2%	3%	*	2%
Do not like to purchase separate insurance	5	10	3	4	6
Did not know it was available	18	12	18	19	17
Did not want (need) insurance	47	48	52	59	50
Too expensive	13	14	11	14	13
Not ascertained	13	14	13	4	12
	100%	100%	100%	100%	100%
Number of cases	146	125	120	57	448

[1] Based on number of reasons; some people gave more than one reason. Includes consumers who had a loan of $200 or more but did not get credit insurance.

*Less than .5 percent

Question: "Why didn't you get credit insurance on this loan?"

TABLE IV-78

INSURANCE CHARGE BY TYPE OF LENDER

Institution	Separate Charge	Free	Not Ascertained	All
Store/dealer	74%	19%	7	100%
Bank	72	21	7	100
Finance company	70	27	3	100
Credit union	46	50	4	100
All	65%	30%	5%	100%

Question: "Was there a separate charge for this insurance, was it included in the finance charge (free) or what?"

TABLE IV-79

LENDER RECOMMENDATION BY STATE[1]

Lender Recommendation:	WI	IL	AR	LA	All
Insurance never mentioned	19%	24%	24%	18%	20%
Insurance mentioned, not recommended	15	16	17	9	15
Insurance recommended	29	27	23	42	30
Insurance strongly recommended	10	6	7	8	8
Insurance required	10	10	15	14	12
Insurance automatic or free	9	8	6	4	7
Insurance recommendation not ascertained	8	8	8	5	8
	100%	100%	100%	100%	100%
Number of cases	477	397	342	305	1521

[1] Based on those people with a loan over $200.

Question: "We are interested in whether your credit source recommended insurance. Please look at this card and tell me the statement that most closely applies to what actually happened."

TABLE IV-80

LENDER RECOMMENDATION BY CREDITOR[1]

	Institution			
Lender Recommendation:	Store/ Dealer	Bank	Finance Company	Credit Union
Insurance never mentioned	37%	18%	20%	13%
Insurance mentioned, not recommended	12	18	12	12
Insurance recommended	27	34	30	27
Insurance strongly recommended	5	8	13	6
Insurance required	8	12	13	13
Insurance automatic or free	2	3	4	22
Not ascertained	9	7	8	7
	100%	100%	100%	100%
Number of cases	224	702	210	323

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[1] Based on those people with a loan over $200.

given a "strong" recommendation to 13 percent of their customers, compared to five percent to eight percent for the other lending institutions. Nearly 40 percent of the borrowers from stores and dealers were unaware of the availability of credit insurance, compared to 20 percent or fewer of the customers of other lending institutions.

Only eight percent of the borrowers felt that taking credit insurance was important for getting their loans and nearly all of these consumers reported purchasing credit insurance (Table IV-81). Seven percent of the borrowers thought getting credit insurance was important for getting the loan and reported purchasing credit insurance. Illinois borrowers most frequently reported that taking out insurance was important to securing the loan--15 percent compared to five percent and seven percent in the other states. Finance company borrowers were most likely to report such perceptions.

Overall, over 60 percent of the borrowers reported using credit insurance when they borrowed. Twenty percent of the respondents were unaware of the availability of credit insurance (mostly borrowers from stores and dealers), and 15 percent were told about it, but it was not recommended by the lender. Less than ten percent of the borrowers felt that taking insurance was necessary for getting a loan. Most of these consumers purchased the insurance.

Attitudes Toward Credit Insurance

All respondents who had recently borrowed $200 or more were asked if they perceived credit insurance as "good," "good with qualifications," "neither good nor bad," "bad with qualifications," or "bad." This question applied to 1,521 of the total 3,572 respondents. Eighty-seven percent of

TABLE IV-81

WAS CREDIT INSURANCE IMPORTANT FOR OBTAINING THE LOAN?

Market:	Yes	No	Not Ascertained	All
Wisconsin	5%	89%	6%	100%
Illinois	15	79	6	100
Arkansas	7	91	2	100
Louisiana	5	82	13	100
Lender:				
Store/dealer	7	86	7	100
Bank	6	87	7	100
Finance company	11	83	6	100
Credit union	7	85	8	100
All	8%	85%	7%	100%

Question: "Did you feel that taking credit insurance would make a difference in whether the loan would be granted or not?"

the respondents for whom the question applied felt favorably toward credit insurance, while only three percent felt adversely toward it (Table IV-82). Furthermore, if the indifferent and uncommitted responses ("neither good nor bad," "don't know--") along with the inapplicables are ignored, then 97 percent of the respondents offering an opinion (1,323 out of 1,368) perceived credit insurance as good. The responses to consumers' attitudes toward credit is shown by state in Table IV-83. There were no significant difference in consumers' attitudes toward credit insurance among states.

Respondents were asked to explain the reasons for their attitudes toward credit insurance. A maximum of two responses was allowed, producing the 1,594 responses summarized in Table IV-84. While most cells contain less than four percent of the total, 65 percent of the total responses indicated that credit insurance is good because "it pays off the loan if something happens." If both categories of this response which are favorable to credit insurance are considered, this single response drew a full 70 percent (or 1,118 out of 1,594) of the total. No other cell received more than four percent of the responses. It is also interesting to note that only three percent felt that it "costs too much."

Tables IV-85 through IV-87 give demographic breakdowns of the respondents perceiving credit insurance as "good" or "good with qualifications." The percentage of each group perceiving credit insurance favorably rises with income (Table IV-85). The same results are obtained for amounts financed under $5,000 (Table IV-86). For larger amounts borrowed and for education (Tables IV-86, IV-87) the results are less clear. However, favorable responses are generally more frequent the higher the level of education.

TABLE IV-82

CONSUMERS ATTITUDES TOWARD CREDIT INSURANCE

Responses	Number	Percent	1977[1] National Sample
Good	1139	75%	73%
Good with qualifications	184	12	12
Neither good nor bad	121	8	5
Bad with qualifications	11	1	1
Bad	34	2	4
Don't know-not ascertained	32	2	5
Total	1521	100%	100%

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[1] *1977 Consumer Credit Survey*. [2]

Question: "In general, do you feel that buying credit insurance is a good thing, a bad thing, or what?"

TABLE IV-83

CONSUMERS ATTITUDE TOWARD CREDIT INSURANCE BY STATE

	Wisconsin			Illinois			Arkansas			Louisiana		
Responses	Number	Percent Of Sample	Percent To Which Question Applied	Number	Percent Of Sample	Percent To Which Question Applied	Number	Percent To Sample	Percent To Which Question Applied	Number	Percent To Sample	Percent To Which Question Applied
Good	369	37	77	274	27	69	256	33	75	240	32	79
Good w/ quals.	53	5	11	53	5	13	37	5	11	41	6	13
Neither	37	4	8	42	4	11	29	4	9	13	2	4
Bad w/ quals.	3	*	1	3	*	1	3	*	1	2	*	1
Bad	4	*	1	14	1	3	11	1	3	5	1	2
Don't know- not ascertained	10	1	2	14	2	3	5	*	1	3	*	1
Inap.	530	53	-	630	61	-	446	57	-	445	59	-
Total	1006	100%	100%	1030	100%	100%	787	100%	100%	749	100%	100%

Question: "In general, do you feel that buying credit insurance is a good thing, a bad thing, or what?"

*Less than .5 percent

TABLE IV-84

WHY CREDIT INSURANCE IS GOOD OR BAD IN GENERAL

	Number of Responses in Each Category									
Responses[1]	Too Much Risk	Less Worry	Pays Off Loan	Good Value	Helps Get Credit	Good For Big Loan	Depends On Circumstances	Not Much Risk Of Loss	Costs Too Much	Other
Good	21	60	1031	58	3	16	22	6	3	7
Good w/ quals.	6	4	87	14	1	29	45	13	8	3
Neither	2	2	19	1	*	10	44	20	10	3
Bad w/ quals.	*	*	1	*	*	*	2	1	6	1
Bad	*	*	1	1	*	*	1	6	24	2

*Less than .5 percent

[1] Each category contains both first and second mention with a total of 1594 responses.

Question: "Why do you feel this way about buying credit insurance? Why else?"

TABLE IV-85

ATTITUDES TOWARD CREDIT INSURANCE BY INCOME

Income Category	Number Responding "Good"	Percent	Number of Borrowers[1]	Percent
Less than 7500	84	6%	104	7%
7501-15000	272	21	311	20
15001-25000	470	36	526	35
25001 and over	398	30	457	30
Unreported	99	7	123	8
Total	1323	100%	1521	100%

[1] Consumers with a recent loan of $200 or more.

TABLE IV-86

ATTITUDES TOWARD CREDIT INSURANCE BY AMOUNT FINANCED

Amount Financed (Dollars)	Number Responding "Good"	Percent	Number of Borrowers[1]	Percent
0-500	248	19%	514	34%
501-1000	105	8	124	8
1001-2000	163	12	170	11
2001-4000	296	22	323	21
4001-5000	126	10	129	8
5001-6000	111	8	83	6
Over 6000	266	20	89	6
Not ascertained	8	1	89	6
Total	1323	100%	1521	100%

[1] Consumers with a recent loan of $200 or more.

TABLE IV-87

ATTITUDES TOWARD CREDIT INSURANCE BY EDUCATION

Education (Highest Level Attained)	Number Responding "Good"	Percent	Number of Borrowers[1]	Percent
0-8 grades	116	9%	132	9%
9-11 grades	195	15	225	15
High school	274	20	305	20
High school plus nonacademic training	248	19	283	19
Some college or community college level degree	266	20	295	19
B.A. or advanced degree	222	17	279	18
Inap.	2	*	2	*
Total	1323	100%	1521	100%

[1] Consumers with a recent loan of $200 or more.

Although these demographic results are not directly comparable to the corresponding data from the national survey because of differences in grouping, the results are quite different.[12] In all three tables reported here, percentages of favorable responses increased with the variable under consideration. The national survey obtained just the opposite result.

FOOTNOTES SECTION IV

[1] See Shay and Schober

[2] See Shay and Schober.

[3] The choices listed on a card provided for the respondents were: (1) store/dealer, (2) bank, (3) finance or loan company, (4) credit union, (5) employer, (6) people at work, (7) friends or relatives, (8) other.

[4] Imterpret entries in Table IV-22 as follows: of the 81 Wisconsin respondents who provided answers to the questions, 17 percent of them replied that lower interest rates or finance charges were the reason that they would recommend a store or dealer as a source of credit. This 17 percent may have provided this answer on either their first or second response and thus column totals may add up to over 100 percent.

[5] See Lynch, (1968), pp. 592-620.

[6] The choices listed on the card were: stores or dealers, banks, finance companies or loan companies, credit unions, other.

[7] This is easily explained by the fact that there are no finance companies operating in Arkansas. The finance companies referred to by respondents in Arkansas were most likely automobile finance companies, e.g., General Motors Acceptance Corporation.

[8] The card provided the respondent was the same as in footnote 3.

[9] See Katona et.al. (1971)

[10] See Durkin and Elliehausen, Chapter 6

[11] See Huber

[12] See Durkin and Elliehausen, Chapter 9.

V. FINANCIAL AND DEMOGRAPHIC CHARACTERISTICS

This section presents information about the financial and demographic characteristics of the respondents to the consumer survey. Two basic comparisons are made with the data. The first compares the distributions of selected characteristics across states. Since many of the characteristics studies are related to credit-worthiness, it is important to know whether or not the distributions are substantially different across states.

The sample as a whole is also compared on a selective basis to the findings from a national sample of families investigated in 1977. Although this study is confined to only four states, these populations are in many ways very similar to all other families in the U.S. These similarities enhance the importance of any findings that might be produced from the study.

A. Demographics and the Income Distribution

The percentage distribution of total family income for 1978, in nominal dollars, is shown in Table V-1, where a comparison is made to the results of the 1977 Federal Reserve Consumer Credit Survey.[1] In the more recent sample there was a greater percentage of respondents in the higher income brackets. The mean income in 1978 was $18,538 in the four markets studied, compared to $16,893 for the nation in 1976. Since both figures are in nominal dollars, inflation may explain the difference. Using 1972 = 100 as the base year, the implicit price deflator for GNP in 1978 is 152.09 and 133.88 for 1976, a 13.6 percent increase in two years. After deflating, the mean income in 1976 is actually greater. Because

TABLE V-1

FAMILY INCOME

	Percentage Distribution					
Income in 1978 (dollars)	All	WI	IL	AR	LA	1977 National Sample[1]
Less than 5,000	9%	8%	7%	11%	11%	13%
5,000 - 7,499	6	6	7	7	6	9
7,500 - 9,999	8	7	8	13	6	9
10,000 - 14,999	14	12	17	13	15	17
15,000 - 19,999	13	14	13	14	13	13
20,000 - 24,999	13	17	11	10	12	10
25,000 and more	22	29	20	20	16	15
25,000 - 29,999	9	11	8	8	8	NA
30,000 - 34,999	6	9	6	4	4	NA
35,000 and more	7	9	6	8	4	NA
Income not ascertained	15	7	17	12	21	14
Total	100%	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749	2,563
Mean	$18,538	$20,760	$18,264	$17,663	$16,476	$16,893
Median	$16,362	$21,003	$16,229	$16,036	$16,037	$13,549
No. of valid cases used in calculating the statistics	3,050	923	849	688	590	NA

NA = not ascertained

[1] *1977 Consumer Credit Survey* [2]. These figures report 1976 income.

of the inflation factor, little comparison can be made between this current survey's findings on income distribution and national survey findings.

A Lorenz curve describing the distribution of income in the present sample is shown in Table V-2. This curve is created by plotting the cumulative percentage of total family income by the cumulative percentage of households having that income, from lowest to highest. The 45° line represents equality of income shares and recipients, i.e., 50 percent of the population receives 50 percent of the total income. The difference between this line and the curve represents the degree of inequality in the distribution of income.

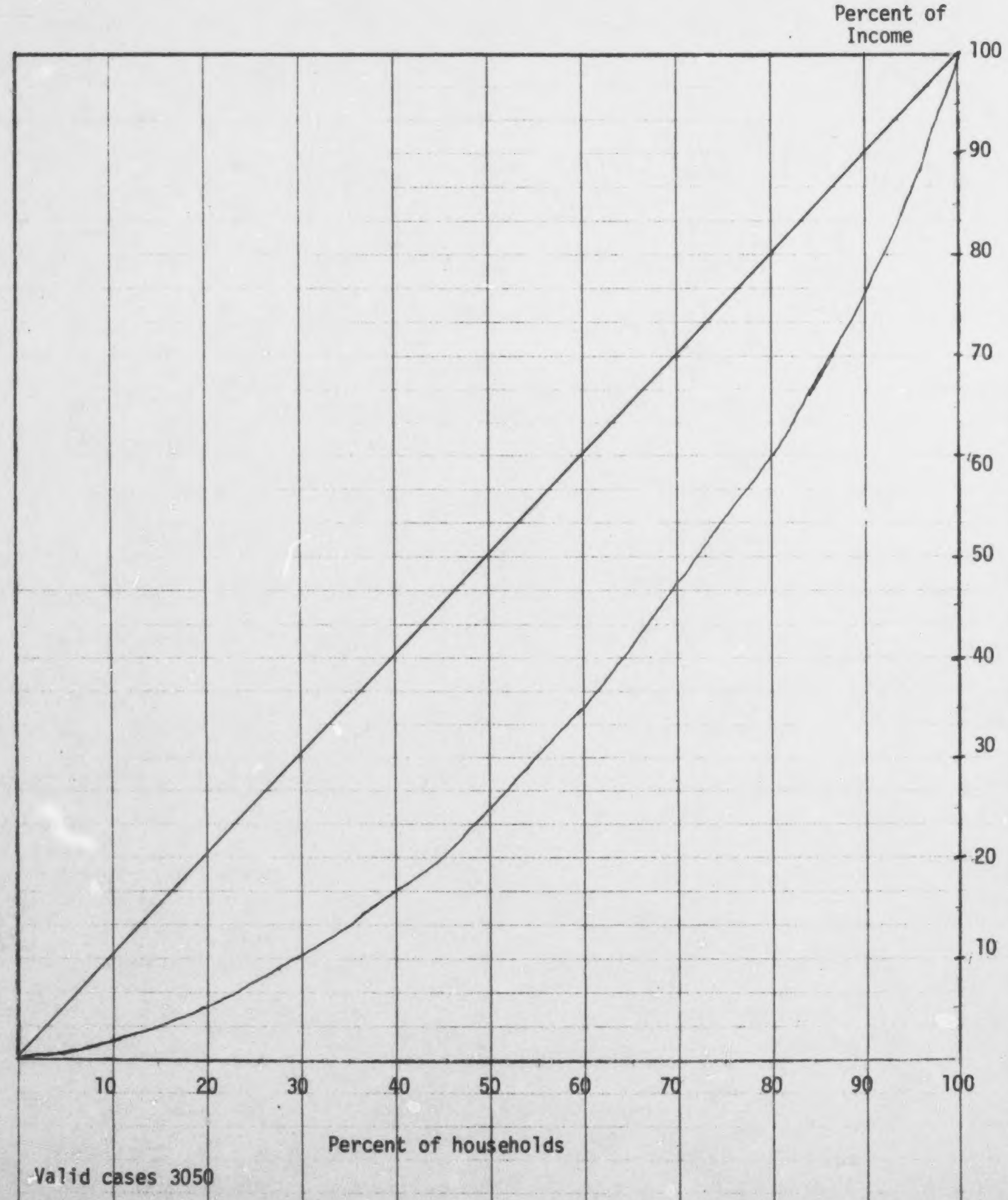
A larger percentage of respondents in Wisconsin reported earning family income in the higher income brackets than in the other markets. The lowest proportions in the high income brackets were in Louisiana. This difference appeared in every cross tabulation of income and each of the other demographic characteristics. For the same education level, occupation, etc., a larger percentage of respondents in Wisconsin were in higher income brackets, while a smaller percentage of Louisiana consumers reported high incomes. Note that the significance of this may be affected by the fact that 22 percent of Louisiana's respondents did not reveal their income, while in Wisconsin only 15 percent did not. In addition, there are differences in the cost of living (and therefore nominal incomes) between the North and the South.

Major differences in the demographic distributions among the four markets were as follows:

Age: The Louisiana sample consisted of a slightly older group, compared to the other four markets, with a greater percentage of family heads over 65 years, and a lower percentage under 36 years (Table V-3).

TABLE V-2

DISTRIBUTION OF FAMILY INCOME[1] - TOTAL SAMPLE



Valid cases 3050

[1] Derived from Table 1.

TABLE V-3

AGE OF FAMILY HEAD

Age (years)	Percentage Distribution				
	All	WI	IL	AR	LA
Under 25	11%	11%	13%	12%	9%
25-34	25	28	24	25	21
35-44	17	19	17	14	16
45-54	15	13	13	17	16
55-64	15	13	16	15	16
65-74	12	10	12	11	17
75 and over	5	6	5	6	5
Not ascertained	*	*	*	*	*
Total	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749

*Less than .5 percent.

Race: Only eight percent of the Wisconsin sample was nonwhite, in contrast to 32 percent of the Illinois sample and 22 percent of the Louisiana sample (Table V-4).

Education: In Louisiana a greater percentage of household heads attained only lower levels of education; 25 percent had eight grades or less of formal schooling (Table V-5).

Occupation: Again in Louisiana, there was a lower percentage of household heads in professional fields, and a higher percentage in the laborer/service worker category (Table V-6).

The distributions of dependents and of life cycle stages of the family head are similar across all four markets (Tables V-7, V-8). In examining the above market distinctions, one could hypothesize that lower family incomes through the Louisiana sample were related to other respondent characteristics, i.e., compared to the other markets, a greater percentage of family heads were older, members of minorities, had less education, and were employed as laborers and service workers, all generally earning less income.

Although there were distinct differences among the four markets in the basic demographic distributions, it was found that the relationship between income and all other characteristics was similar throughout the entire sample. Therefore, only the data obtained from the full sample are reproduced in table form. The level of education displays the usual strong relationship to family income (Table V-9). Higher family incomes occur more frequently in the professional or technical field and among nonfarm managers. If the "miscellaneous" group and the very few farmers surveyed are excluded, those households whose heads were in clerical work

TABLE V-4

RACE OF FAMILY HEAD

Race[1]	Percentage Distribution All	WI	IL	AR	LA
White	81%	92%	68%	85%	77%
Non-white	19	8	32	15	23
Total	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749

---

*Less than .5 percent

[1] Race was determined by interviewer observation, not direct question

TABLE V-5

EDUCATION LEVEL OF FAMILY HEAD

	Percentage Distribution				
Education Level	All	WI	IL	AR	LA
0-8 grades	16%	13%	15%	14%	25%
9-11 grades	15	17	18	15	11
High school diploma	20	17	20	16	26
High school diploma plus non-academic training	16	18	16	15	12
Some college or community college degree	17	17	17	20	14
B.A. or advanced degree	16	18	14	20	12
Not ascertained	*	*	*	*	*
Total	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749

*Less than .5 percent.

TABLE V-6

OCCUPATION OF FAMILY HEAD

	Percentage Distribution				
Occupation	All	WI	IL	AR	LA
Professional or technical	13%	15%	13%	14%	9%
Managers	9	11	7	11	8
Proprietors, self-employed	3	3	2	4	2
Clerical or sales	10	9	10	13	9
Craftsmen or foremen	16	17	15	17	15
Operatives, laborers, service workers	21	20	23	15	26
Farmers or farm managers	*	*	*	*	1
Miscellaneous housewives, students Armed Forces, unemployed	27	24	29	25	29
Not ascertained	1	1	1	1	1
Total	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749

*Less than .5 percent.

TABLE V-7

NUMBER OF DEPENDENTS IN HOUSEHOLD

Number of Dependents[1]	Percentage Distribution				
	All	WI	IL	AR	LA
0	12%	9%	15%	13%	8%
1	31	27	32	35	30
2	29	29	28	28	34
3	15	18	13	15	14
4	8	10	7	6	8
5	5	7	5	3	6
6	*	*	*	*	*
Not ascertained	*	*	*	*	*
Total	100%	100%	100%	100%	100%
Number of cases	3,572	1,006	1,030	787	749

*Less than .5 percent.

[1] Number of dependents included spouse and members of household under 21 or over 65 years of age.

TABLE V-8

LIFE CYCLE STAGE OF FAMILY HEAD

Life Cycle	Percentage Distribution				
	All	WI	IL	AR	LA
Under 45 years					
Unmarried, no children	10%	8%	13%	11%	5%
Married					
no children	9	9	10	10	8
youngest child					
under 6 years	22	27	16	17	22
6 years & older	7	9	6	6	7
45 years & over					
Married					
children	11	11	9	10	12
no children					
head in labor force	11	9	11	13	11
head retired	7	7	8	5	11
other[1]	1	1	1	2	2
Unmarried, no children					
head in labor force	4	4	5	5	4
head retired	6	5	7	7	7
other[1]	3	2	2	3	4
Any age, unmarried, children	9	8	11	11	7
Not ascertained	*	*	1	*	*
Total	100%	100%	100%	100%	100%
Number of cases	3572	1006	1030	787	749

[1] Students, housewives, unemployed.

*Less than .5 percent.

or sales, or were laborers, had the greatest percentage in the lower income brackets (Table V-9). Higher incomes were most frequent among household heads in the middle age groups (35-54 years), while those under 25 years and over 65 years had generally lower family incomes (Table V-9). Almost one-half of the minority households surveyed had family income less than $15,000, but only one-third of the white respondents were at these lower levels (Table V-10). Those household heads in the middle stages of the life cycle, i.e., families whose head was still in the labor force with older children or with no children in the household were most frequently in the highest income brackets (Table V-11).

TABLE V-9

TOTAL FAMILY INCOME - BY CHARACTERISTIC OF FAMILY HEAD PERCENTAGE DISTRIBUTION IN FULL SAMPLE

	Family Income (dollars)						
Education of Family Head	No. of Cases	Less Than 7500	7500-14999	15000-24999	25000-And More	Income N.A.	Total
0-8 grades	577	32%	28%	12%	7%	21%	100%
9-11 grade	552	25	28	20	14	13	100
High school diploma	703	12	24	30	18	16	100
High school diploma plus nonacademic training	561	8	20	35	25	12	100
Some college or community college degree	607	10	22	30	25	13	100
BA or advanced degree	571	4	11	29	43	13	100
Not ascertained	1	100	*	*	*	*	100
Total	3572						
Occupation of Family Head							
Professional or technical	459	4	14	35	38	9	100
Managers	328	4	11	35	41	9	100
Proprietors, self-employed	96	5	10	17	49	19	100
Clerical or sales	375	8	28	27	22	15	100
Craftsmen or foremen	573	5	20	36	29	10	100
Operatives, laborers, or service workers	746	12	28	32	16	12	100
Farmers or farm managers	6	33	17	*	33	17	100
Miscellaneous housewives, students armed force, unemployed	957	37	26	9	5	23	100
Not ascertained	32	12	34	20	9	25	100
Total	3572						
Age of Family Head (years)							
Under 25	405	21%	38%	28%	6%	7%	100%
25-34	883	10	21	36	24	9	100
35-44	593	6	16	32	36	10	100
45-54	521	9	13	28	35	15	100
55-64	531	14	24	21	22	19	100
65-74	440	31	29	11	4	25	100
75 and over	194	41	21	5	3	30	100
Not ascertained	5	20	*	*	20	60	100
Total	3572						

*Less than .5 percent.

N.A. = not ascertained.

TABLE V-10

TOTAL FAMILY INCOME BY RACE OF FAMILY HEAD

		Percentage Distribution					
Race of Family Head	No. of Cases	Less Than 7,500	7,500-14,999	15,000-24,999	25,000 And More	Income N.A.	Total
White	2,877	13%	21%	28%	24%	14%	100%
Non-white	687	23	26	21	12	18	100
N.A.	8	12	38	38	12	*	100
Total number of cases	3,572						

N.A. = not ascertained

*Less than .5 percent.

TABLE V-11

TOTAL FAMILY INCOME BY LIFE CYCLE STAGE OF FAMILY HEAD

		Family Income					
Life Cycle	Number of Cases	Less than 7,500	7,500-14,999	15,000-24,999	25,000 and more	Income N.A.	Total
Under 45 years							
Unmarried, no children	340	23%	39%	21%	7%	10%	100%
Married							
no children	332	6	21	36	25	12	100
youngest child under 6 years	738	4	18	42	29	7	100
6 years & older	254	*	9	33	49	9	100
45 years & over							
Married							
children	382	3	14	25	42	16	100
no children							
head in labor force	390	7	18	29	31	15	100
head retired	266	20	34	12	8	26	100
other[1]	47	25	25	8	8	34	100
Unmarried, no children							
head in labor force	158	18	36	20	6	20	100
head retired	230	46	20	5	*	29	100
other[1]	102	61	15	1	1	22	100
Any age, unmarried, children	324	33	29	18	7	13	100
Not ascertained	9	44	*	12	11	33	100
Total number of cases	3572						

---

*Less than .5 percent.

[1] Students, housewives, unemployed.

B. Consumer Assets

The overall pattern of households owning various financial assets was fairly similar across markets (Table V-12). Respondents in Wisconsin has a higher proportion of ownership of almost every asset, while, except for checking accounts, the lowest proportions were found among Louisiana respondents. The relationships between the distributions of assets and selected family characteristics were similar across the four markets. Only the data obtained from the full sample are reproduced and discussed (Tables V-14, V-15, V-16, V-17, V-21, V-23, V-24).

The distribution of amounts of the three most commonly held financial assets--savings accounts, checking accounts, and U.S. savings bonds (Table V-13)--was similar to the 1977 national survey.[2] Over one-third of the respondents had $2,000 or more in savings, while 14 percent had $10,000 or more. These respondents holding balances of $10,000 or more in low yield savings accounts are compared to the six percent who earned higher interest with certificates of deposit or savings certificates (Table V-14).

Consumers over 55 years old and those in the later life cycle stages (i.e., retired or with no children left at home) most frequently held savings accounts of $10,000 or more. Those households whose family head was in the middle stages of the life cycle more frequently held $2,000-$9,999 in savings. The percentage of families within this range of savings rises with the education of the family head and with family income (Table V-15).

The proportion of households holding larger checking account balances rises with the education and the age of the family head and with family

TABLE V-12

OWNERSHIP OF FINANCIAL ASSETS IN 1978[1]

(PERCENT OWNING)

Asset	All	WI	IL	AR	LA	1977 National Sample[2]
Savings accounts	80	91	82	76	70	77
Checking accounts	78	85	69	81	79	81
Certificates of deposit or savings certificates	17	24	15	18	12	14
U.S. savings bonds	27	42	25	22	14	31
Other Federal Gov't bonds	2	3	2	2	1	2
State or municipal bonds	2	2	2	2	1	2
Corporate bonds	2	3	2	2	1	2
Corporate stock	21	28	21	18	16	21
Mutual fund shares	5	6	5	4	3	7
Stock through investment clubs	2	3	2	2	1	2
Number of cases	3,572	1,006	1,030	787	749	2,563

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[1] The percentage of ownership reported here plus the percentage of nonownership reported in subsequent tables do not sum to 100 percent due to responses not ascertained.

[2] 1977 Consumer Credit Survey [2].

TABLE V-13

SELECTED LIQUID ASSET HOLDINGS

Type & amount (dollars)	All	WI	IL	AR	LA	1977 National Sample[1]
Savings accounts						
None	18%	8%	14%	24%	28%	23%
Less than 499	15	19	15	17	10	17
500-1,999	14	18	14	15	8	14
2000 and more	34	43	34	30	22	32
10,000 and more	14	16	14	15	10	n.a.
Not ascertained	19	12	22	14	32	14
Total	100%	100%	100%	100%	100%	100%
Checking accounts						
None	21%	14%	29%	19%	21%	19%
Less than 499	35	49	32	35	22	40
500-1,999	19	21	18	21	17	21
2,000 and more	7	6	4	12	8	9
Not ascertained	18	10	17	13	32	11
Total	100%	100%	100%	100%	100%	100%
U.S. savings bonds						
None	72%	57%	73%	77%	84%	70%
Less than 499	11	19	10	9	5	14
500-1,999	5	9	6	4	2	11
2,000 and more	5	9	5	4	2	
Not ascertained	7	6	6	6	7	5
Total	100%	100%	100%	100%	100%	100%

n.a. = not ascertained

[1] 1977 Consumer Credit Survey [2].

TABLE V-14

OWNERSHIP OF CERTIFICATES OF DEPOSIT OR SAVINGS CERTIFICATES

Group	Ownership[1]		Value (Dollars)	
	None	At Least One	$10,000 And More	N.A.
Age of Family Head (years)				
Under 25	93%	7%	1%	1%
25-34	91	9	2	1
35-44	83	16	4	4
45-54	75	23	8	6
55-64	71	26	11	9
65-74	69	28	9	12
75 and over	75	23	9	8
Family Income (dollars)				
Less than 7,500	89	10	3	2
7,500-14,999	87	13	5	3
15,000-24,999	84	16	5	3
25,000 and over	71	29	11	5
N.A.	74	17	1	14
All	81%	17%	6 %	5%

N.A. = not ascertained

[1] These rows do not sum to 100 percent due to the exclusion of non-response percentages.

TABLE V-15

SAVINGS ACCOUNTS IN 1978

	Amount of Savings Accounts (Dollars)						
Group	None	Less Than 500	500-1,999	2,000-9,999	10,000 And More	N.A.	All
Education of Family Head							
0-8 grades	34%	10%	8%	14%	11%	23%	100%
9-11 grades	27	17	11	18	10	17	100
High school diploma	18	18	15	15	12	22	100
High school diploma plus nonacademic training	11	19	17	22	14	17	100
Some college & community college degree	10	18	18	19	15	20	100
B.A. - advanced degree	7	10	16	29	21	17	100
Age of Family Head (years)							
Under 25	22	36	22	11	3	6	100
25-34	20	24	19	19	5	13	100
35-44	15	15	18	26	11	15	100
45-54	16	8	11	22	19	24	100
55-64	14	5	8	21	23	29	100
65-74	21	5	6	17	23	28	100
75 and over	19	7	7	14	20	33	100
Family Income (dollars)							
Less than 7,500	41	16	10	13	9	11	100
7,500-14,999	23	22	14	15	12	14	100
15,000-24,999	9	20	21	25	12	13	100
25,000 and more	4	11	15	32	25	13	100
Not ascertained	24	4	4	5	5	58	100
Life Cycle Stage of Family Head							
Under 45 years							
Unmarried, no children	25	27	17	18	4	9	100
Married							
No children	11	25	23	20	5	16	100
Youngest child under 6 yrs.	16	24	19	20	8	13	100
6 years and older	8	15	23	28	9	17	100
45 years and over							
Married							
Children	11	7	13	23	20	26	100
No children							
Head in labor force	6	7	8	24	26	29	100
Head retired	15	5	4	17	24	35	100
Other[1]	15	4	4	21	15	41	100
Unmarried, no children							
Head in labor force	23	8	9	18	19	23	100
Head retired	26	5	7	16	24	22	100
Other[1]	36	6	5	11	11	31	100
Any age, unmarried, children	42	20	11	11	9	7	100
Not ascertained	11	22	11	*	*	56	100
All	18%	15%	14%	20%	14%	19%	100%

N.A. = not ascertained *Less than .5 percent

[1] Students, housewives, unemployed

income. Small balances were most commonly held by younger households whose head was in the earlier stages of the life cycle (Table V-16).

The distribution of total liquid asset holdings (Table V-17) cannot accurately be compared to the 1977 national sample, or across the markets, due to a high percentage of unreported values. Median values for cases reporting dollar amounts indicate larger amounts of liquid assets were held in 1978. Across the four markets, the median value of total liquid assets held by Wisconsin's respondents was the largest ($3,344), while the value reported by Louisiana's respondents was the lowest ($923). The amount of liquid asset holdings increased with the rising education level attained by the family head, with the age of the family head, and with higher family income (Table V-18).

Asked whether or not they owned life insurance, other than the credit life which is available on loans, one-third of the sample claimed to own both whole life and term insurance (Table V-19). The largest percentage of respondents owning some type of insurance was found in Wisconsin, while the largest percentage owning none lived in Louisiana. On average, and across all four markets, the most frequently quoted total face value of all policies owned was $25,000 and more. The largest percentage of respondents with policies of this value was from Wisconsin and the smallest percentage was from Louisiana. Over three-quarters of the respondents also owned accident and health or disability insurance, the largest percentage from Wisconsin and the smallest from Louisiana.

Less than 20 percent of the respondents reported owning real estate other than their residence (Table V-20), a result similar to that of the 1977 national survey. The distribution is fairly similar across markets,

TABLE V-16
CHECKING ACCOUNTS IN 1978

Group	Amount of Checking Accounts (Dollars)						
	None	Less Than 500	500-1,999	2,000-9,999	10,000 And More	N.A.	All
Education of Family Head							
0-8 grades	44%	23%	10%	3%	1%	19%	100%
9-11 grades	35	31	15	3	*	16	100
High school diploma	20	37	16		1	20	100
High school diploma plus nonacademic training	15	41	21	6	1	16	100
Some college and community college degree	10	43	23	6	1	17	100
B.A. and advanced degree	4	37	31	12	2	14	100
Age of Family Head (years)							
Under 25	33	50	10	1	*	6	100
25-34	21	47	16	3	1	12	100
35-44	15	40	21	8	1	15	100
45-54	17	29	24	9	1	20	100
55-64	18	23	25	7	1	26	100
65-74	25	21	20	9	1	24	100
75 and over	32	20	14	9	3	22	100
Family Income (dollars)							
Less than 7,500	48	29	11	5	1	6	100
7,500-14,999	28	40	17	3	1	11	100
15,000-24,999	13	47	23	6	1	10	100
25,000 and more	5	35	32	14	2	12	100
Not ascertained	21	13	6	2	1	57	100
Life Cycle Stage of Family Head							
Under 45 years							
Unmarried, no children	33	44	12	2	*	9	100
Married							
No children	17	43	20	3	1	16	100
Youngest child under 6 yrs.	17	48	18	5	1	11	100
6 years and older	8	45	21	8	2	16	100
45 years and over							
Married							
Children	14	30	23	9	1	23	100
No children							
Head in labor force	11	24	28	10	1	26	100
Head retired	18	19	24	9	2	28	100
Other[1]	23	13	19	9	*	36	100
Unmarried, no children							
Head in labor force	30	18	22	9	1	20	100
Head retired	29	27	14	9	1	20	100
Other[1]	43	20	12	3	1	21	100
Any age, unmarried, children	39	38	13	2	*	8	100
Not ascertained	33	11	*	*	*	56	100
All	21%	35%	19%	7%	1%	17%	100%

N.A. = not ascertained

*Less than .5 percent.

[1] students, housewives, unemployed

TABLE V-17

LIQUID ASSET HOLDINGS[1]

Amount of liquid assets (dollars)	All	WI	IL	AR	LA	1977 National Sample[2]
None	9%	4%	11%	11%	13%	11%
Less than 500	13	13	11	16	11	23
500-1,999	16	19	15	17	11	20
2,000-9,999	11	14	11	11	8	15
5,000-14,999	12	16	13	11	7	15
15,000 and more	13	17	12	13	8	16
Not ascertained	26	17	27	21	42	n.a.
Total	100%	100%	100%	100%	100%	100%
Median for all households (dollars)	$1,879	$3,344	$1,882	$1,502	$923	$1,125
Number of cases	2,652	837	753	628	747	n.a.

---

[1] Includes savings accounts, checking accounts, U.S. Govermnent savings bonds, and certificates of deposit or savings certificates.

n.a. = not ascertained

[2] _1977 Consumer Credit Survey_ [2].

TABLE V-18
LIQUID ASSET HOLDINGS[1] IN 1978

Group	None	Less Than 500	500-1,999	2,000-4,999	5,000-14,999	15,000 And More	N.A.	All
Education of family head								
0-8 grades	22%	11%	10%	7%	9%	10%	31%	100%
9-11 grades	18	17	12	11	9	11	22	100
High school diploma	8	16	17	11	10	10	28	100
High school diploma plus nonacademic training	3	15	18	11	14	15	24	100
Some college & community college degree	3	11	19	15	13	14	25	100
B.A. - advanced degree	3	5	16	15	18	18	25	100
Age of family head (years)								
Under 25	13	32	26	9	7	2	11	100
25-34	10	19	24	16	10	4	17	100
35-44	7	10	17	16	16	12	22	100
45-54	7	7	11	10	15	19	31	100
55-64	7	5	8	8	14	22	36	100
65-74	12	4	6	8	11	22	37	100
75 and over	14	6	7	4	11	19	39	100
Family income (dollars)								
Less than 7,500	29	19	13	7	7	9	16	100
7,500-14,999	11	23	18	9	10	11	18	100
15,000-24,999	3	12	23	18	14	12	18	100
25,000 and over	*	5	14	15	22	25	19	100
Not ascertained	12	4	3	3	3	3	72	100
Life cycle stage of family head								
Under 45 years								
Unmarried, no children	14	23	23	10	11	5	14	100
Married								
No children	5	15	23	18	11	5	23	100
Youngest child under 6 yrs.	7	19	23	16	11	7	17	100
6 years and older	3	8	21	20	18	9	21	100
45 years and over								
Married								
Children	5	6	12	9	16	20	32	100
No children								
Head retired	2	4	8	9	17	23	37	100
Head in labor force	6	4	6	7	8	24	45	100
Other[2]	11	2	6	4	15	13	49	100
Unmarried, no children								
Head in labor force	11	9	7	11	15	17	30	100
Head retired	15	4	7	7	12	21	34	100
Other[2]	28	11	5	3	6	13	34	100
Any age, unmarried, children	25	25	14	8	7	8	13	100
Not ascertained	11	22	11	*	*	*	56	100
All	9%	13%	16%	11%	12%	13%	26%	100%

N.A. = not ascertained

*Less than .5 percent.

[1] Includes savings accounts, checking accounts, U.S. gov't. savings bonds and certificates of deposit or savings certificates

[2] students, housewives, unemployed

TABLE V-19

INSURANCE[1] (OTHER THAN CREDIT LIFE)

OWNED BY HOUSEHOLDS

	All	WI	IL	AR	LA
Type of life insurance owned					
None	18%	10%	16%	22%	28%
Whole life (or cash value)	20	24	18	25	14
Term	23	20	26	22	21
Both whole life & term	32	40	31	27	29
Type not ascertained	7	6	9	4	8
Total	100%	100%	100%	100%	100%
Premiums paid for life ins.[2] in 1978 (dollars)					
None/paid up	10%	9%	12%	14%	5%
Less than $250	37	38	36	32	47
250-999	29	34	28	26	25
1,000 and more	8	7	6	11	6
Not ascertained	16	12	18	17	17
Total	100%	100%	100%	100%	100%
Face value of life ins. policies[2] (dollars)					
Less than 10,000	22%	21%	23%	19%	23%
10,000-24,999	26	24	28	26	27
25,000 and more	36	42	32	40	21
Not ascertained	16	13	17	15	19
Total	100%	100%	100%	100%	100%
Ownership of accident and health or disability ins.	76%	85%	75%	74%	67%

---

[1] Purchased by household or provided by employer as a benefit.

[2] Percentages are of those who own life insurance.

TABLE V-20

REAL ESTATE OWNERSHIP[1] (OTHER THAN RESIDENCE) AND VALUE

Real estate ownership and value (dollars)	All	WI	IL	AR	LA	1977 National Sample[2]
None	80%	78%	88%	74%	77%	79%
1-9,999	4	5	2	6	6	5
10,000-24,999	4	5	2	5	5	4
25,000-74,999	5	6	4	6	4	5
75,000 or more	3	4	1	5	2	4
Not ascertained	4	2	3	4	6	3
Total	100%	100%	100%	100%	100%	100%

[1] Includes mobile homes, lots, summer homes, apartment buildings or business property.

[2] 1977 Consumer Credit Survey. [2]

although the Illinois sample reported a slightly lower rate of ownership. The frequency of real estate ownership rose with income, as did the median value of the property owned (Table V-21).

The responses about the value of stock owned and the type of stocks acquired (Table V-22) were nearly identical to those reported in 1977. The estimated value of most stock owned was less then $10,000 and was held in the form of common or preferred shares of individual companies. The proportion of households who owned stock, in all three forms, rose with the education level of the family head and with family income, particularly the proportion who valued their stock in excess of $10,000 (Tables V-23 and V-24). Almost one-half of the households whose head was middle-aged owned stock, while younger families and the elderly least often reported ownership. The professional and managerial occupations reported stock ownership more frequently than other occupational groups. It should be noted that due to a small number of farmers who responded, little can be inferred about this group.

Durable goods ownership is examined in Table V-25. Interestingly, this is the one case where the Louisiana sample indicates either a higher or equal-to-the-average percentage of ownership for nearly every durable good. This is particularly true in a comparison of Arkansas and Louisiana consumers. Arkansas consumers more frequently acquired durables through the purchase of a home. Outright purchase and overall ownership was higher in Louisiana. Durable goods are often purchased on credit. In Arkansas, the ten percent ceiling makes such purchases more difficult. Louisiana has the highest rate ceilings of the four states studied.

TABLE V-21

REAL ESTATE OWNERSHIP[1] (OTHER THAN RESIDENCE) AND VALUE WITHIN INCOME GROUP

		Family Income (Dollars)				
Real Estate Ownership And Value (Dollars)	No. of cases	Less Than 7,500	7,500 14,999	15,000 24,999	25,000 And More	N.A.
None	2861	93%	87%	79%	63%	82%
1-1,999	153	2	4	6	6	2
10,000-24,999	144	1	3	6	7	2
25,00-74,999	175	1	3	4	12	2
75,000 and more	106	1	1	2	9	2
Not ascertained	133	2	2	3	3	10
Total	3572	100%	100%	100%	100%	100%
Median for owners		$17,494	$14,178	$13,783	$39,973	$23,250
Number of cases		27	84	160	265	42

---

[1] Includes mobile homes, lots, summer homes, apartment buildings, or business property.

N.A. = Not ascertained

TABLE V-22

STOCK[1] VALUE AND STOCK OWNERSHIP IN 1978

Stock Value (dollars)	All	WI	IL	AR	LA	1977 National Sample[2]
None owned	75%	68%	77%	79%	81%	75%
Less than 10,000	12	18	11	10	6	12
10,000 and more	6	7	7	5	3	7
Value not ascertained	7	7	5	6	10	6
Total	100%	100%	100%	100%	100%	100%
Stock acquired						
None owned	75%	68%	77%	79%	81%	75%
Own stock[3]	25	32	23	21	19	25
Directly	21	28	21	18	16	21
Through mutual fund	5	6	5	4	3	7
Through investment club	2	3	2	2	1	2
Total	100%	100%	100%	100%	100%	100%

---

[1] Includes common or preferred stock, shares in mutual funds, stock through an investment club.

[2] 1977 Consumer Credit Survey [2].

[3] Consumers can own stock directly as well as through mutual funds and investment clubs. Thus, the detail will add to more than the percent owning stock.

TABLE V-23

STOCK VALUE IN 1978[1]

Group	Own No Stock	Stock Value (Dollars)		N.A.	All
		Less Than 10,000	10,000 And More		
Education of Family Head					
0-8 grades	92%	4%	1%	3%	100%
9-11 grades	84	8	3	5	100
High school diploma	81	8	4	7	100
High school diploma plus nonacademic training	73	14	5	8	100
Some college and community college degree	71	16	8	5	100
B.A. and advanced degree	53	22	13	12	100
Age of Family Head (years)					
Under 25	89	8	*	3	100
25-34	77	17	3	3	100
35-44	74	14	6	6	100
45-54	69	14	8	9	100
55-64	71	10	10	9	100
65-74	77	6	6	11	100
75 and over	78	7	6	9	100
Family Income (dollars)					
Less than 7,500	94	2	1	3	100
7,500-14,999	86	8	2	4	100
15,000-24,999	73	17	5	5	100
25,000 and over	52	23	16	9	100
Not ascertained	81	2	2	15	100
Occupation of Family Head					
Professional or technical	61	21	11	7	100
Managers	60	18	14	8	100
Proprietors, self-employed	53	16	18	13	100
Clerical or sales	72	15	6	7	100
Craftsman or foremen	76	14	4	6	100
Operatives, laborers, service workers	87	9	1	3	100
Farmer or farm managers	100	*	*	*	100
Miscellaneous	83	4	5	8	100
Housewives, students, armed forces, unemployed					
All	75%	12%	6%	7%	100%

N.A. = not ascertained

[1] Includes common or preferred stock, shares in mutual funds, stock through an investment club.

*Less than .5 percent.

TABLE V-24

STOCK OWNERSHIP IN 1978

			Stock Acquired		
Group	None	Own Any Stock[1]	Directly	Through Mutual Fund	Through Investment Club
Education of Family Head					
0-8 grades	92%	8%	8%	1%	1%
9-11 grades	84	16	13	3	2
High school diploma	81	19	16	3	2
High school diploma plus nonacademic training	73	27	24	4	3
Some college and community college degree	71	29	26	6	3
B.A. and advanced degree	53	47	41	13	4
Age of Family Head (years)					
Under 25	89	11	9	2	1
25-34	77	23	30	3	2
35-44	74	26	23	6	3
45-54	69	31	27	8	4
55-64	71	29	26	6	3
65-74	77	23	20	6	3
75 and over	78	22	21	4	*
Family Income (dollars)					
Less than 7,500	94	6	5	1	*
7,500-14,999	86	14	13	2	1
15,000-24,999	43	27	22	6	2
25,000 and more	52	48	43	10	5
Not ascertained	81	19	18	4	3
Occupation of Family Head					
Professional or technical	61	39	33	11	3
Managers	60	40	37	6	4
Proprietors, self-employed	53	47	41	10	8
Clerical or sales	72	28	24	6	4
Craftsmen or foremen	76	24	22	4	2
Operatives, laborers, service workers	87	13	11	2	2
Farmers or farm managers	100	*	*	*	*
Miscellaneous - housewives, students, armed forces, unemployed	83	17	16	4	1
All	75%	25%	21%	5%	2%

[1] Includes common or preferred stock, shares in mutual funds, stock through an investment club.

*Less than .5 percent.

TABLE V-25

DURABLES OWNED BY HOUSEHOLDS

	Acquired by Household					Already In Home Prior To Moving In				
Durable	All	WI	IL	AR	LA	All	WI	IL	AR	LA
Television	96%	98%	94%	96%	96%	2%	1%	4%	2%	1%
Stereo	71	77	66	71	72	2	1	3	2	*
Cooking stove	66	75	57	54	78	33	24	42	44	21
Microwave oven	14	16	12	12	14	2	1	3	2	1
Refrigerator	78	86	63	77	78	20	13	34	20	11
Freezer	49	51	41	43	66	2	1	3	3	1
Room air conditioner	43	44	37	37	58	8	5	8	9	11
Sewing machine	63	73	54	63	63	1	1	2	1	1
Washing machine	76	83	66	74	84	5	3	7	3	5
Dryer	65	74	59	60	70	5	3	6	4	5
Dishwasher	26	30	22	27	57	9	7	5	15	9
Trash compactor	4	4	3	4	3	1	1	1	1	1
Boat, snowmobile, garden tractor, etc.	18	26	9	19	19	*	*	1	*	*
Recreational vehicle	9	13	7	9	7	*	*	*	*	*
Garage door opener	7	14	8	3	1	2	4	3	2	1

*Less than .5 percent

SECTION V

FOOTNOTES

[1] Durkin and Elliehausen, Chapter 20

[2] Durkin and Eilliehausen, Chapter 21

APPENDIX A

CONSUMER CREDIT SURVEY
SCREENER/RESPONDENT SELECTION FORM

CARDS A - CC

A&S, Inc.
ONE PARK AVENUE
NEW YORK, N.Y. 10016

PROJECT #4929
JANUARY 1979

______
(1-4)

CONSUMER CREDIT SURVEY
SCREENER/RESPONDENT SELECTION FORM

Hello, I'm ____________________ from A&S, Inc. a national market research company. We're conducting a study for Purdue University to determine consumer credit attitudes and buying habits. An interview in your household will give us a better understanding of the amount and type of purchases made on credit and about people's opinions of various credit arrangements and regulations. May I please speak to the male or female head of household?

(IF NO HOUSEHOLD HEAD ACKNOWLEDGED, ASK TO SPEAK TO AN ADULT HOUSEHOLD MEMBER WHO KNOWS ABOUT THE HOUSEHOLD FINANCES. REPEAT INTRODUCTION FOR A NEW RESPONDENT)

- -

INTERVIEWER NAME ____________________________________

INTERVIEWER # ☐☐☐☐☐

LOCATION # ☐☐☐☐☐☐☐

15-
16-
DATE ____________________ 17-

- -

RESPONDENT NAME: ____________________ ADDRESS: ____________________

CITY: ____________________ STATE: __________ TEL. #: ____________________

1. As part of this interview we need a list of all the people who are members of this household, just the first names. INTERVIEWER: PLEASE LIST RESPONDENT'S NAME FIRST.

2. Now, please tell me how (INSERT NAME) is related to you?

Q.1 NAMES OF HOUSEHOLD MEMBERS	Q.2 RELATIONSHIP TO RESPONDENT		Q.3 SEX MALE	FEMALE	Q.4 AGE
a______________	SELF	18- 19-	( )20-1	( )-2	____(21-22)
b______________	____________	23- 24-	( )25-1	( )-2	____(26-27)
c______________	____________	28- 29-	( )30-1	( )-2	____(31-32)
d______________	____________	33- 34-	( )35-1	( )-2	____(36-37)
e______________	____________	38- 39-	( )40-1	( )-2	____(41-42)
f______________	____________	43- 44-	( )45-1	( )-2	____(46-47)

3. (IF NOT OBVIOUS FROM NAME: (FOR EACH PERSON ASK:) Is (INSERT NAME) male or female? (RECORD ON GRID UNDER Q.3)

FOR EACH PERSON NAMED IN Q.3:

4. What approximately is his/her age? (RECORD ON GRID UNDER Q.4)

INTERVIEWER INSTRUCTION A

REVIEW HOUSEHOLD COMPOSITION IN Q.1-4 ABOVE AND CHECK HOUSEHOLD TYPE BELOW. CHECK ONE TYPE ONLY:

ADULT (18 YEARS AND OVER) LIVING ALONE	( )48-1	THIS ADULT IS THE ELIGIBLE RESPONDENT. GO TO QUESTIONNAIRE.
ONE ADULT WITH CHILD(REN) UNDER 18 YEARS ONLY	( ) -2	THE ADULT IS THE ELIGIBLE RESPONDENT. GO TO QUESTIONNAIRE.
TWO OR MORE UNRELATED ADULTS (ROOMATES, FRIENDS - NOT LIVING AS MARRIED)	( ) -3	EACH UNRELATED ADULT IS AN ELIGIBLE RESPONDENT AND MUST BE INTERVIEWED WITH A SEPARATE SCREENER AND QUESTIONNAIRE. NO FURTHER SCREENER INFORMATION IS REQUIRED BEYOND THIS POINT.
ALL OTHER HOUSEHOLD TYPES: (E.G., HUSBAND-WIFE WITH OR WITHOUT CHILDREN; LIVING AS MARRIED; ADULT SIBLINGS; PARENT AND ADULT CHILDREN; 3 GENERATIONS, ETC.)	( ) -4	ASK Q.5

IF "OTHER HOUSEHOLD TYPE" IN INSTRUCTION A, ASK:

5. Which one person in your family here is (was) the major wage earner or is the major contributor to the living expenses? Please give me his/her name: __________________.

ONE PERSON NAMED ABOVE	( )49-1	THIS IS ELIGIBLE RESPONDENT. SKIP TO INTERVIEWER INSTRUCTION B.
MORE THAN ONE PERSON NAMED (E.G.,"A HUSBAND-WIFE TIE")	( ) -2	ASK Q.6
NO ONE NAMED ABOVE (E.G., NO EMPLOYED ADULT). . . .	( ) -3	

IF MORE THAN ONE OR NO ONE IN Q.5, ASK:

6. Well, on the average, which one person for your family here is (was) the major wage earner or is the major contributor to the living expenses? ______________________

ONE PERSON NAMED ABOVE	( )50-1	THIS IS ELIGIBLE RESPONDENT. SKIP TO INTERVIEWER INSTRUCTION B.
MORE THAN ONE PERSON NAMED	( ) -2	ASK Q.7
NO ONE NAMED	( ) -3	

IF MORE THAN ONE OR NO ONE IN Q.6, ASK:

7. **Which one family member here is most knowledgeable about the finances of your family?** ________________

ONE PERSON NAMED ABOVE	( )51-1	THIS IS ELIGIBLE RESPONDENT. SKIP TO INTERVIEWER INSTRUCTION B.
MORE THAN ONE PERSON NAMED	( ) -2	ASK Q.8
NO ONE NAMED	( ) -3	

IF MORE THAN ONE OR NO ONE IN Q.7, APPLY FOLLOWING INSTRUCTION:

8. CONSULT HOUSEHOLD COMPOSITION IN Q.1-4 AND ENTER NAME BELOW OF PERSON CLOSEST TO AGE 45.
ASK RESPONDENT ONLY IF NOT CLEAR FROM Q.1-4 WHO IS CLOSEST TO 45.

____________________ ( )52-1 THIS IS ELIGIBLE RESPONDENT. GO ON TO INTERVIEWER INSTRUCTION B.

INTERVIEWER INSTRUCTION B

ONCE AGAIN PLEASE EXAMINE HOUSEHOLD COMPOSITION IN Q.1-4 AND ANSWER FOLLOWING QUESTION:

IS THERE ONE OR MORE ADULT PERSONS LIVING IN THIS HOUSEHOLD WHO ARE NOT RELATED TO THIS FAMILY (E.G., BOARDERS, LODGERS, FRIENDS)?	NO ( )53-5	ADMINISTER QUESTIONNAIRE TO ELIGIBLE RESPONDENT NAMED IN Q.5,6, 7 OR 8.
	YES( ) -1	ANSWER B-1

IF "YES" IN B, ANSWER:

B-1 DESCRIBE THE STATUS OF THESE UNRELATED ADULTS. CHECK ONE OR BOTH STATUSES, IF APPLICABLE:

BOARDER(S), LODGER(S)	( )54-1	EACH ADULT BOARDER/LODGER MUST BE INTERVIEWED WITH SEPARATE SCREENER AND QUESTIONNAIRE
ADULT(S) IN AN UNRELATED FAMILY SHARING SAME HOUSEHOLD ARRANGEMENT (E.G. WIFE'S FEMALE FRIEND WITH YOUNG CHILD)	( ) -2	AN ADULT FROM EACH UNRELATED FAMILY MUST BE APPROACHED USING A SEPARATE SCREENER TO DETERMINE AN ELIGIBLE RESPONDENT FOR SUBSEQUENT QUESTIONNAIRE ADMINISTRATION.

TO RECAP, IF B-1 IS APPLICABLE, YOU WILL INTERVIEW:

ONE ELIGIBLE RESPONDENT FROM A FAMILY RESIDING IN THIS HOUSEHOLD.
EACH ADULT BOARDER/LODGER UNRELATED TO THIS FAMILY AND/OR
ONE ELIGIBLE RESPONDENT FROM EACH FAMILY UNRELATED TO THE FIRST FAMILY APPROACHED IN THIS HOUSEHOLD.

OFFICE USE ONLY: ELIGIBLE RESPONDENT: ________ 55-
56-
57-

CALL RECORD

	1ST CALL	2ND CALL	3RD CALL	4TH CALL
VACANT 58-	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
NO ANSWER 59- NO ONE HOME	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
UNABLE TO ENTER 60- WHY ____________	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
HOUSEHOLD REFUSAL* 61-	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
QUAL. RESPONDENT* REFUSAL 62-	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
QUAL. RESPONDENT UNAVAILABLE 63- (ATTEMPT TO MAKE APPOINTMENT)	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
INCOMPLETE INTERVIEW* 64-	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____
COMPLETED INTERVIEW 65-	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____	DATE ____ TIME ____

NUMBER OF INTERVIEWS REQUIRED IN THIS HOUSEHOLD # ________ 66- 67-

*REASON(S) FOR REFUSAL OR INCOMPLETE ______________________________ 68-

____ 69-

70-

____ 71-

A&S, INC.
One Park Avenue
New York, New York 10016

PROJECT #4929
January 1978

(5-7) 03C

____
(1-4)

CONSUMER CREDIT SURVEY
MAIN QUESTIONNAIRE

INTRODUCTION:

Hello, I'm _________________ of A&S, Inc., a national survey research company. We are conducting a study for Purdue University to determine consumer credit attitudes and buying habits. Your interview will give us a better understanding of the amount and type of purchases made on credit and about people's opinions of various credit arrangements and regulations.

The response you give will be added to the responses of all the other people we talk with and be used in a report presenting a cross-section of public thought and experience on this topic. No information that would tell how you personally answered will ever be released.

INTERVIEWER'S NAME _________________

INTERVIEWER'S # _________________

LOCATION # ☐☐☐☐☐☐☐
8- 9- 10- 11- 12- 13- 14-

DATE _____________________ 15- 16- 17-

TIME INTERVIEW STARTED: _______

TIME INTERVIEW ENDED: _______

TOTAL INTERVIEWING TIME: ______(18-20)

RESPONDENT'S NAME ___________________________

ADDRESS ___________________________

CITY/STATE ___________________________

TELEPHONE #___________________________

A. ATTITUDES TOWARD CREDIT

First, I'd like to talk with you about your feelings in respect to credit in general.

A1. Do you feel it is a good idea or a bad idea for people to use credit to purchase items?

GOOD IDEA	[ ]21-1	ASK Q.A2
BOTH GOOD AND BAD	[ ] -3	
BAD IDEA	[ ] -5	
DON'T KNOW	[ ] -8	SKIP TO Q.A3

IF "GOOD/BOTH/BAD" IN Q.A1, ASK:

A2. Why do you feel that way? Why else?

______________________________ 22-

______________________________ 23-

______________________________ 24-

______________________________ 25-

HAND RESPONDENT CARD A

A3. People have many different reasons for borrowing money which they pay back over a period of time. For each of the reasons listed on this card, please tell me if you feel it is alright or not for someone like yourself to borrow money.

	Q.A3	
	YES	NO
A. TO COVER THE EXPENSES OF A VACATION TRIP	[ ]26-1	[ ]-5
B. TO COVER LIVING EXPENSES WHEN INCOME IS CUT	[ ]27-1	[ ]-5
C. TO CONSOLIDATE BILLS WHICH HAVE PILED UP	[ ]28-1	[ ]-5
D. TO FINANCE THE PURCHASE OF A FUR COAT OR JEWELRY	[ ]29-1	[ ]-5
E. TO FINANCE BOATS, SNOWMOBILES AND OTHER HOBBY ITEMS	[ ]30-1	[ ]-5
F. TO FINANCE THE PURCHASE OF A CAR	[ ]31-1	[ ]-5
G. TO COVER EXPENSES CAUSED BY ILLNESS	[ ]32-1	[ ]-5
H. TO FINANCE EDUCATIONAL EXPENSES	[ ]33-1	[ ]-5
I. TO FINANCE THE PURCHASE OF FURNITURE	[ ]34-1	[ ]-5

TAKE BACK CARD A

HAND RESPONDENT CARD B

A4. We are also interested in your opinions about institutions that lend money or give credit to people -- such as stores, banks, finance companies and credit unions. In this interview please think of the terms "creditors" and "lenders" as the same thing. Please tell me the number on the bottom of this card which shows whether you strongly agree, agree somewhat, disagree somewhat or strongly disagree with each of these statements about creditors and lenders.

	Q.A4 RATING
a. They usually treat their customers fairly	______(35)
b. It would be a good thing for consumers if they were not around	______(36)
c. Most people are satisfied in their dealings with them	______(37)
d. They provide a useful service to consumers	______(38)
e. They try to take advantage of those who borrow from them	______(39)

TAKE BACK CARD B

HAND RESPONDENT CARD C

A5. If you were going to use credit to purchase a car, which item on this card would be most important to you? Which would be second most important and which would be third most important? (ACCEPT ONLY 3 RESPONSES AND RECORD IN ORDER OF IMPORTANCE 1-3 ON GRID BELOW UNDER Q.A5.

A6. Again, if you were going to use credit to purchase a color TV set, which item on this card would be most important to you? Which would be second most important and third most important? (ACCEPT ONLY 3 RESPONSES AND RECORD IN ORDER OF IMPORTANCE, 1-3 ON GRID BELOW UNDER Q.A6.

	Q.A5 CAR RATING	Q.A6 T.V. RATING
A. HOW MUCH TIME YOU HAVE TO PAY OFF THE LOAN	_____(40)	_____(50)
B. HOW FAST YOU CAN GET THE LOAN; AMOUNT OF PAPERWORK OR TIME	_____(41)	_____(51)
C. AMOUNT FINANCED (AMOUNT OF CREDIT YOU RECEIVE)	_____(42)	_____(52)
D. FINANCE CHARGE (THE DOLLAR AMOUNT THE LOAN WILL COST)	_____(43)	_____(53)
E. WHAT THE MONTHLY PAYMENT IS	_____(44)	_____(54)
F. ANNUAL PERCENTAGE RATE OF INTEREST	_____(45)	_____(55)
G. PENALTY FOR LATE PAYMENT	_____(46)	_____(56)
H. SECURITY OR COLLATERAL REQUIRED FOR LOAN	_____(47)	_____(57)
I. HOW COMFORTABLE YOU FEEL BORROWING THERE	_____(48)	_____(58)
J. METHODS THE LENDER CAN USE TO COLLECT OVERDUE DEBTS	_____(49)	_____(59)

TAKE BACK CARD C

HAND RESPONDENT CARD D

A7a. If a friend wanted to finance a car, which of these sources of credit would you recommend? (RECORD ON GRID BELOW UNDER Q.A7a) (CHECK AS MANY AS APPLY)

FOR EACH SOURCE CHECKED IN Q.A7a, ASK:

A7b. Why would you recommend (SOURCE FROM Q.A7a)? Why else? (RECORD ON GRID BELOW UNDER Q.A7b.)

(5-7) 04D

SOURCE	Q.A7a YES	Q.A7a NO	Q.A7b REASON	
STORE/DEALER	[ ]60-1	[ ]-5		8- 9- 10- 11-
BANK	[ ]61-1	[ ]-5		12- 13- 14- 15-
FINANCE OR LOAN CO.	[ ]62-1	[ ]-5		16- 17- 18- 19-
CREDIT UNION	[ ]63-1	[ ]-5		20- 21- 22- 23-
EMPLOYER	[ ]64-1	[ ]-5		24- 25- 26- 27-
PEOPLE AT WORK	[ ]65-1	[ ]-5		28- 29- 30- 31-
FRIENDS OR RELATIVES	[ ]66-1	[ ]-5		32- 33- 34- 35-
OTHER (SPECIFY)	[ ]67-1	[ ]-5		36- 37- 38- 39-
NONE	[ ]68-1			

TAKE BACK CARD D

HAND RESPONDENT CARD E

A8. Looking at this card, please tell me the one place where you feel it is most difficult to get credit or a loan. (ACCEPT ONE RESPONSE AND RECORD ON GRID UNDER Q.A8.)

A9. And again, using the same card, which one place do you feel is the easiest to get credit or a loan. (ACCEPT ONE RESPONSE AND RECORD ON GRID UNDER Q.A9.)

	Q.A8 MOST DIFFICULT	Q.A9 EASIEST
STORES OR DEALERS	[ ]40-1	[ ]41-1
BANKS	[ ] -2	[ ] -2
FINANCE OR LOAN COMPANIES	[ ] -3	[ ] -3
CREDIT UNIONS	[ ] -4	[ ] -4
OTHER (SPECIFY)	[ ] -7	[ ] -7

TAKE BACK CARD E

BEST AVAILA

A10. If you were to make a furniture purchase in the amount of $1,000 and made arrangements to pay for this purchase in 12 monthly installments, how much do you feel the total cost would be, including the $1,000 you borrowed? (IF DON'T KNOW ASK FOR ESTIMATE AND CHECK BOX.)

$____________(42,43,44,45)
DON'T KNOW [ ]
ESTIMATE:
YES [ ]46-1
NO [ ] -5

A11. What percentage rate of interest or finance charge do you feel you would pay per year on this purchase? (IF DON'T KNOW, ASK FOR ESTIMATE AND CHECK BOX.)

______% PER YEAR (47-48)
DON'T KNOW [ ]
ESTIMATE:
YES [ ]49-1
NO [ ] -5

HAND RESPONDENT CARD D

A12. Now, I would like you to rate lenders on the credit cost of automobile loans. Which do you think is cheapest? Which do you think is second cheapest? Third? Fourth? (ACCEPT RATING ON ONLY 4 ON LIST USING SCALE OF 1-4)

RATING

DEALER ______(50)
BANK ______(51)
FINANCE OR LOAN COMPANY ______(52)
CREDIT UNION ______(53)
EMPLOYER ______(54)
PEOPLE AT WORK ______(55)
FRIEND OR RELATIVE ______(56)
OTHER (SPECIFY) ______(57)
____________________58-

TAKE BACK CARD D

A13. Thinking of purchases where you can either get credit through a store or dealer or make credit arrangements elsewhere, what do you feel would be the advantages of getting credit through the store or dealer? What other advantages would there be?

59-
____60-
____61-
____62-

A14. And, what would be the disadvantages of getting credit through the store or dealer? What other disadvantages would there be?

63-
____64-
____65-
____66-

LE COPY

A15. On large purchases, overall do you feel it is a good idea or a bad idea for a customer to get credit through the store or dealer rather than making credit arrangements elsewhere?

GOOD IDEA	[ ]	67-1
BOTH GOOD AND BAD IDEA	[ ]	-3
BAD IDEA	[ ]	-5
DON'T KNOW	[ ]	-8

A16. Each state has laws that limit rates that creditors can charge on loans, and procedures that creditors can use to collect past due debts. Are you satisfied with these laws in your state?

YES	[ ]	68-1	SKIP TO Q.A18
BOTH SATISFIED AND DISSATISFIED	[ ]	-3	ASK Q.A17
NO	[ ]	-5	
DON'T KNOW	[ ]	-8	SKIP TO Q.A18

IF "BOTH" OR "NO" IN Q.A16, ASK:

A17. What changes would you like to see in these laws? What other changes?

69-
70-
71-
72-

A18. Excluding mortgage credit, what do you think are the major reasons that consumers in general use credit today rather than pay cash? What other reasons?

73-
74-
75-
76-

(5-7) 05E

A19. Excluding mortgage credit, what do you think are the major advantages of having credit available to consumers?

8-
9-
10-
11-

A20. Again, excluding mortgage credit, what do you think are the major disadvantages of having credit available to consumers?

12-
13-
14-
15-

A21. All things considered, do you think that there is too much credit used by consumers in your state, do they have about the right amount, or do consumers generally borrow less than they could manage or make good use of?

TOO MUCH	[ ]	16-1
ABOUT RIGHT	[ ]	-3
BORROW LESS	[ ]	-5
DON'T KNOW	[ ]	-8

A22. Again, all things considered, do you feel that currently you personally have too much credit, about the right amount, or could you make good use of more credit than you actually have?

TOO MUCH	[ ]	17-1	ASK Q.A23
COULD USE MORE	[ ]	-3	
ABOUT RIGHT	[ ]	-5	SKIP TO Q.B1
DON'T KNOW	[ ]	-8	

IF "TOO MUCH" OR "COULD USE MORE" IN Q.A22, ASK:

A23. Why do you feel that way? Why else?

____ 18-

____ 19-

____ 20-

____ 21-

B. CREDIT EXPERIENCE

B1. In your opinion, have you ever been treated unfairly when you applied for or used credit?

YES [ ]22-1 ASK Q.B2
NO [ ] -5 SKIP TO Q.B3

IF "YES" IN Q.B1, ASK:

B2. In what respect do you feel you were treated unfairly? What other problems did you have?

23-
______________________________ 24-
______________________________ 25-
______________________________ 26-

B3. Are there any practices of creditors or lenders in general that you think are unfair and would like to see changed?

YES [ ]27-1 ASK Q.B4
NO [ ] -5 SKIP TO Q.B5

IF "YES" IN Q.B3, ASK:

B4. What would you like to see changed? What else?

28-
______________________________ 29-
______________________________ 30-
______________________________ 31-

B5. In the past few years have you been turned down when you have applied for credit or a loan from a creditor?

YES [ ]32-1 ASK Q.B6
NO [ ] -5 SKIP TO Q.B9

IF "YES" IN Q.B5, HAND RESPONDENT CARD D AND ASK:

B6. Looking at this card, please tell me what type creditor turned you down.

		(33-34)
BANK	[ ]	01
DEALER OR STORE	[ ]	02
FINANCE OR LOAN COMPANY	[ ]	03
CREDIT UNION	[ ]	04
EMPLOYER	[ ]	05
PEOPLE AT WORK	[ ]	06
FRIENDS OR RELATIVES	[ ]	06
OTHER (SPECIFY)	[ ]	07

____

B7. What did you need the credit for? A car purchase, money to pay off bills, were you applying for a credit card or what?

______________________________ 35-
______________________________ 36-
____

B8. What were the reasons given you when they turned you down?

37-
______________________________ 38-
______________________________ 39-
______________________________ 40-

NONE [ ]

B9. In the past few years, did you ever borrow money but not get as much credit as you would have liked from a creditor?	YES	[ ]41-1 ASK Q.B10
	NO	[ ] -5 } SKIP TO Q.B16
	DON'T KNOW	[ ] -8 }

HAND RESPONDENT CARD D

IF "YES" IN Q.B9, ASK:

B10. Again looking at this card, please tell me what type creditor it was that did not give you as much credit as you wanted.

	(42-43)
DEALER OR STORE	[ ] 01
BANK	[ ] 02
FINANCE OR LOAN COMPANY	[ ] 03
CREDIT UNION	[ ] 04
EMPLOYER	[ ] 05
PEOPLE AT WORK	[ ] 06
FRIEND OR RELATIVE	[ ] 08
OTHER (SPECIFY)	[ ] 07

____

B11. And what was the reason that you wanted the credit at that time?

____ 44-

____ 45-

____

B12. What reasons did the creditor give you for not granting you the amount of credit you wanted?

46-
____ 47-

____ 48-

____ 49-

NONE [ ]

B13. Were you finally able to get all of the credit you wanted?	YES [ ]50-1	ASK Q.B14
	NO [ ] -5	ASK Q.B15

IF "YES" IN Q.B13, ASK:

B14. Where did you finally get the credit that you wanted?

51-
____ 52-

SKIP TO Q.B16

IF "NO" IN Q.B13, ASK:

B15. What did you finally do when you were unable to get all of the credit you wanted?

53-
____ 54-

____ 55-

____ 56-

B16. Excluding mortgages, have you, in the past few years, borrowed money to make a down payment for a large purchase?

YES	[ ]57-1	ASK Q.B17
NO	[ ] -5	SKIP TO Q.B18

HAND RESPONDENT CARD D

IF "YES" IN Q.B16, ASK:

B17. Again looking at this card, please tell me where you borrowed the money for the down payment. (IF DEALER/STORE MENTIONED, RE-ASK QUESTION B16.)

BANK	[ ]58-1
DEALER OR STORE	[ ]
FINANCE OR LOAN COMPANY	[ ]59-1
CREDIT UNION	[ ]60-1
EMPLOYER	[ ]61-1
PEOPLE AT WORK	[ ]62-1
FRIEND OR RELATIVE	[ ]63-1
OTHER (SPECIFY)	[ ]64-1

____

TAKE BACK CARD D

B18. Suppose that you recently purchased a new TV with a bank credit card or loan and it did not work properly but it was still under warranty. If the dealer did not repair the TV to your satisfaction, do you think that you could legally refuse to make any more payments on the TV until the problem was corrected?

YES	[ ]65-1
NO	[ ] -5
DON'T KNOW	[ ] -8

B19. Do you think that if this TV was not working properly and the warranty had expired you could legally stop making payments until the problem was taken care of?

YES	[ ]66-1
NO	[ ] -5
DON'T KNOW	[ ] -8

C. CREDIT CARDS

5-7 06F

C1. Now I would like to get your feelings about credit cards. In general, do you feel the use of credit cards is good or bad?

GOOD [ ]8-1
GOOD WITH QUALIFICATIONS [ ] -2
BOTH GOOD AND BAD [ ] -3
BAD [ ] -4
BAD WITH QUALIFICATIONS [ ] -5
DON'T KNOW [ ] -8

C2. Do you or any members of your family living in your home have any credit cards?

YES [ ]9-1 ASK Q.C3
NO [ ] -5 SKIP TO Q.D1

IF "YES" IN Q.C2, ASK:

HAND RESPONDENT CARD F

C3. Looking at this card, please tell me the number of credit card accounts you and your family living here have for each of these categories. Do not count duplicate cards you may have on the same account. Let's start with A. (RECORD ON GRID BELOW UNDER Q.C3 AND IMMEDIATELY ASK Q.C4, 5, 6 FOR EACH TYPE OF ACCOUNT MENTIONED IN Q.C3.) (IF "NONE" TO ANY TYPE, RECORD "0".)

C4. In general, about how often do you (and your family living here) use (it/them) - often, sometimes, hardly ever or never? (RECORD BELOW ON GRID UNDER Q.C4.)

C5. What is the total amount you owe on (this/these) card(s)? (RECORD BELOW ON GRID UNDER Q.C5.)

C6. In total what is the most that you could owe on all of your (MENTION TYPE) credit cards before reaching the the limits set by the companies? (IF DK, ASK FOR BEST ESTIMATE AND RECORD ON GRID BELOW UNDER Q.C6.)

TAKE BACK CARD F

	Q.C3	Q.C4					Q.C5		Q.C6	
		FREQUENCY OF USAGE								
	# OF ACCOUNTS	OFTEN	SOMETIMES	HARDLY EVER	NEVER	DON'T KNOW	AMOUNT CURRENTLY OWED	DON'T KNOW	CREDIT LIMIT	DON'T KNOW
A. BANK CREDIT CARDS	____ (10-11)	[ ]12-1	[ ]-2	[ ]-3	[ ]-4	[ ]-8	$____ (13,14,15,16)	[ ]	$____ (17,18,19,20)	[ ]
B. STORE CREDIT CARDS	____ (21-22)	[ ]23-1	[ ]-2	[ ]-3	[ ]-4	[ ]-8	$____ (24,25,26,27)	[ ]	$____ (28,29,30,31)	[ ]
C. GASOLINE CREDIT CARDS	____ (32-33)	[ ]34-1	[ ]-2	[ ]-3	[ ]-4	[ ]-8	$____ (35,36,37,38)	[ ]	$____ (39,40,41,42)	[ ]
D. GENERAL PURPOSE CREDIT CARDS	____ (43-44)	[ ]45-1	[ ]-2	[ ]-3	[ ]-4	[ ]-8	$____ (46,47,48,49)	[ ]	$____ (50,51,52,53)	[ ]
E. OTHER TYPE CREDIT CARDS	____ (54-55)	[ ]56-1	[ ]-2	[ ]-3	[ ]-4	[ ]-8	$____ (57,58,59,60)	[ ]	$____ (61,62,63,64)	[ ]

IF BANK CREDIT CARD(S) IN Q.C3, ASK:

C.7. Are any of your bank credit cards issued by banks outside of this state?

YES [ ]65-1
NO [ ] -5
DK [ ] -8

HAND RESPONDENT CARD G

C8. Looking at this card, tell me which one statement best applies to your usual payment habits when you receive the bills for your credit cards.

A.	ALWAYS PAY THE FULL AMOUNT OWED ON ALL ACCOUNTS	[ ]66-1
B.	SOMETIMES PAY THE FULL AMOUNT OWED	[ ] -2
C.	ALWAYS PAY CERTAIN ACCOUNTS IN FULL BUT NOT OTHERS	[ ] -3
D.	HARDLY EVER PAY THE FULL AMOUNT OWED	[ ] -4

TAKE BACK CARD G

C9. If a credit card bill is not paid in full, what is the annual percentage rate of finance charge that you pay?	______% (67-68) DON'T KNOW [ ] SKIP TO Q.C11

IF 3% OR LESS IN Q.C9, ASK Q.C10. ALL OTHERS, SKIP TO Q.C11

C10. Is this interest rate... (READ LIST)	Monthly	[ ]69-1
	Annual	[ ] -2
	Other (SPECIFY)	[ ] -7
	______________	
	DON'T KNOW	[ ] -8

C11. Suppose you lost a credit card and it was used illegally to buy $250 worth of merchandise. How much, if any, of that amount would you be responsible for if you had notified the card issuer that the card was lost before it was used?	$________ (70,71,72) DON'T KNOW [ ]
C12. And how about if you had not notified the card issuer of the loss of the card before it was used?	$________ (73,74,75) DON'T KNOW [ ]

C13. Some people have more than one bank credit card account such as a VISA and a Master Charge. Why do you think a person would want to have more than one?

____ 76-

____ 77-

____ 78-

____ 79-

BEST AVAIL

D. DEMOGRAPHICS

5-7 07C

HAND RESPONDENT CARD H

D1a. Are you currently doing any work for pay?

YES [ ]8-1
NO [ ] -5

D1b. Looking at this card, please tell me your current employment status. Just give me the letter on the card that best applies to you. (9-10)

E. STUDENT - NOT WORKING [ ]01
F. RETIRED - NOT WORKING [ ]02
K. PERMANENTLY DISABLED [ ]03
L. HOUSEWIFE - NO WORK FOR PAY [ ] 04
SKIP TO Q.D10

M. OTHER (SPECIFY) [ ]07 ______________________________

A. CURRENTLY EMPLOYED [ ]09
B. ON STRIKE [ ]10
C. ON SICK LEAVE [ ]11
D. STUDENT WORKING FULL OR PART TIME [ ]12

G. RETIRED BUT WORKING [ ]13
H. TEMPORARILY LAID OFF [ ]14
I. TEMPORARILY DISABLED [ ]15
J. UNEMPLOYED [ ]16

TAKE BACK CARD H

D2a. Approximately how many hours do you work on your (main) job in an average week? Be sure to include both paid and unpaid overtime.

__________(11-12)
# HOURS PER WEEK

D3a. What is your (main) occupation? (What type of work do you do? What are your job responsibilities?)

______________________________13-
______________________________14-
____

D4a. What kind of business or industry is that job in?

______________________________15-
______________________________16-
____

D5a. Are you employed by someone else or are you self-employed?

SOMEONE ELSE [ ]17-1 (ASK Q.D6a)
BOTH [ ] -2
SELF-EMPLOYED [ ] -3 (SKIP TO Q.D8a)

IF SOMEONE ELSE OR BOTH IN Q.D5a, ASK:

D6a. How long have you worked for your current employer? (RECORD BELOW)

D7a. And how long did you work for your previous employer? (RECORD BELOW)

	Q.D6a CURRENT (18-19)	Q.D7a PREVIOUS (20-21)
LESS THAN 1 YEAR	[ ]96	[ ]96
OR		
YEARS	____	____

D8a. Do you have a second job or do any other work for pay in addition to your main job?

YES [ ]22-1
NO [ ] -5

TAKE BACK CARD H

D2b. What was your occupation on your last regular job? (What type of work did you do? What were your responsibilities?)

______________________________23-
______________________________24-

D3b. What kind of business or industry was that job in?

______________________________25-
______________________________26-
____

D4b. How long have you been (laid off/unemployed/retired)?

WEEKS __________27-
MONTHS __________28-
YEARS __________

D5b. Were you employed by someone else, or were you self-employed?

SOMEONE ELSE [ ]29-1
BOTH [ ] -2
SELF-EMPLOYED [ ] -3

D6b. Are you presently doing any work for pay?

YES [ ]30-1 ASK Q.D2a SECTION AT LEFT
NO [ ] -5 SKIP TO Q.D9

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D9. Are you a member of a labor union?

YES [ ]31-1
NO [ ] -5

D9a. Do you work (is your main job) in a different state from your place of residence?

YES [ ]32-1 ASK Q.D9b
NO [ ] -5 SKIP TO Q.D10

IF "YES" IN Q.D9a, ASK:
D9b. What state do you work in?

________________________33-

HAND RESPONDENT CARD I

D10. Looking at this card, please tell me your marital status.

MARRIED	[ ]34-1	ASK Q.D11
LIVING AS MARRIED	[ ] -2	
SINGLE-NEVER MARRIED	[ ] -3	
SEPARATED	[ ] -4	SKIP TO Q.D19
DIVORCED	[ ] -5	
WIDOWED	[ ] -6	

TAKE BACK CARD I

IF MARRIED OR LIVING AS MARRIED IN Q.D10, HAND RESPONDENT CARD H AND ASK:

D11a. Is your (spouse/companion) doing any work for pay?

YES [ ]35-1
NO [ ] -5

D11b. Again, looking at this card, please tell me the employment status of your (spouse/companion). (36-37)

E. STUDENT - NOT WORKING [ ]01
F. RETIRED - NOT WORKING [ ]02
K. PERMANENTLY DISABLED [ ]03
L. HOUSEWIFE - NO WORK FOR PAY [ ] 04
SKIP TO Q.D19

M. OTHER (SPECIFY) [ ]07 ________________________________

A. CURRENTLY EMPLOYED	[ ]09	ASK Q.D12
B. ON STRIKE	[ ]10	
C. ON SICK LEAVE	[ ]11	
D. STUDENT WORKING FULL OR PART TIME	[ ]12	
G. RETIRED BUT WORKING	[ ]13	

H. TEMPORARILY LAID OFF	[ ]14	SKIP TO Q.D19
I. TEMPORARILY DISABLED	[ ]15	
J. UNEMPLOYED	[ ]16	

TAKE BACK CARD H

D12. Approximately how many hours does (he/she) work in an average week. Be sure to include both paid and unpaid overtime.

___ ___# HOURS
(38-39)

D13. What is (his/her) occupation? (What type of work does your (spouse/companion) do? What are (his/her) job responsibilities?

________________________40-
________________________41-
____

D14. What kind of business or industry is that job in?

________________________42-
43-

D15. Is your (spouse/companion) employed by someone else or self-employed?

SOMEONE ELSE	[ ]44-1	ASK Q.D16
BOTH	[ ] -2	
SELF EMPLOYED	[ ] -3	SKIP TO Q.D18

IF "SOMEONE ELSE OR BOTH" IN Q.D15, ASK:

D16. How long has (he/she) worked for (his/her) current employer? (RECORD BELOW UNDER Q.D16)

D17. And how long did (he/she) work for (his/her) previous employer? (RECORD BELOW UNDER Q.D17)

	Q.D16 CURRENT (45-46)	Q.D17 PREVIOUS (47-48)
LESS THAN 1 YEAR	[ ]96	[ ]96
OR		
YEARS	____	____

D18. Does (he/she) have a second job or do any other work for pay in addition to (his/her) main job?

YES [ ]49-1
NO [ ] -5

HAND RESPONDENT CARD J

D19. Looking at this card, please tell me the highest grade of school or year of college you yourself completed. (RECORD BELOW UNDER "SELF") (IF MARRIED OR LIVING AS MARRIED, ALSO ASK FOR SPOUSE AND RECORD BELOW UNDER "SPOUSE".)

________________(50-51) ________________(52-53)
SELF SPOUSE

TAKE BACK CARD J

IF 12 OR LESS FOR SELF OR SPOUSE IN Q.D19, ASK:

D20. Did you (and/or your spouse) receive a high school diploma or pass a high school equivalency test?

	YES	NO
SELF	[ ]	[ ]
SPOUSE	[ ]	[ ]

IF 13 OR MORE FOR SELF OR SPOUSE IN Q.D19, ASK:

D21. Do you (and/or your spouse) have a college degree?

	YES	NO
SELF	[ ]	[ ]
SPOUSE	[ ]	[ ]

IF "YES" IN Q.D21, ASK:

D22. What degree(s) did you (your spouse) earn?

________________ ________________
SELF SPOUSE

D23. Have you (and your spouse) had any schooling or training other than what we have spoken of?

	YES	NO
SELF	[ ]	[ ]
SPOUSE	[ ]	[ ]

IF "YES" IN Q.D23, ASK:

D24. What was that schooling or training?

SELF	SPOUSE
________________	________________
________________	________________

D25. In what year were you (and your spouse) born?

	YEAR
SELF	________(54-55)
SPOUSE	________(56-57)

OFFICE USE ONLY	
	58-
SELF	59-
	60-
SPOUSE	61-

E. HOUSING

Our next series of questions deals with housing and it is important for us to receive accurate information. Please feel free to check any records you may have (or with your spouse). Take as much time as necessary before answering each question.

E1.	What year did you move in here? (GET YEAR MOVED, NOT # OF YEARS)	YEAR ________ (62-63)
E2.	And how many years did you live at your previous address?	# YEARS ______ (64-65) LIVED WITH PARENTS BEFORE [ ]
E3.	Do you and your family living here... (READ LIST)	OWN (OR ARE BUYING) THIS HOME [ ]66-1 } SKIP TO Q.E9 PAY RENT ON THIS HOME [ ] -3 } SKIP TO Q.E5 NEITHER OWN (NOR ARE BUYING) NOR RENT THIS HOME [ ] -5 ASK Q.E4

IF NEITHER "OWNS" NOR "RENTS" IN Q.E3, ASK:

E4. How is your housing taken care of?

____ 67-

____

____

SKIP TO Q.F1

IF "RENTS" IN Q.E3, ASK:

E5.	What is your monthly rental payment? (IF MOBILE HOME): Include site rental in this payment.	$ ____________ (68,69,70,71) PER MONTH
E6.	Does this rental payment include utilities?	YES [ ]72-1 SOME UTILITIES [ ] -3 NO [ ] -5
E7.	Do you rent this (home/apartment/mobile home) furnished?	YES [ ]73-1 PARTLY FURNISHED [ ] -3 NO [ ] -5
E8.	Do you have a renters' insurance policy that protects against fire, theft and so forth?	YES [ ]74-1 NO [ ] -5 SKIP TO Q.F1

BEST AVAILAB

IF "OWNS" OR "IS BUYING" HOME IN Q.E3, ASK:

E9. What is the present market value of your home today? (IF MULTIPLE STRUCTURE, GET SELLING PRICE OF RESPONDENT'S UNIT ONLY) (IF MOBILE HOME:) and what is the rental price for your lot or site itself?	$__________(8,9,10,11,12,13) MOBILE HOME ONLY MONTHLY $____________14- 15- YEARLY $____________16- OWNS SITE [ ]
E10. Do you have homeowners' insurance on this home?	YES [ ] 17-1 NO [ ] -5
E11. Are you the first family to occupy this home?	YES [ ] 18-1 NO [ ] -5
E12. How much did this home cost when you bought it? Feel free to look up any records.	$__________(19,20,21,22,23,24)
E13. Do you have a mortgage or land contract on this home?	1ST MORTGAGE YES [ ] 25-1 NO [ ] -5
E14. Do you (also) currently have a second mortgage, equity loan or home loan?	2ND MORTGAGE YES [ ] 26-1 ASK Q.E15 NO [ ] -5 SEE INSTRUCTION BELOW

IF NO 1ST OR 2ND MORTGAGE SKIP TO F/G/H SCREENER
IF 1ST MORTGAGE ONLY SKIP TO E17

IF "YES" IN Q.E14, ASK:

E15. In what year did you take out this second mortgage or loan?	__________YEAR (27-28)

LE COPY

E16. What were the reasons for taking out a second mortgage? For example, was it to make additions or repairs to your home, a down payment on a second home, to pay off other debts, or what?

______________________________ 29-

______________________________ 30-

____

ASK THE FOLLOWING SERIES ABOUT EACH MORTGAGE FROM Q'S E13 AND E14:

E17. What was the original amount of your (first/second) mortgage? (ASK FOR EACH MORTGAGE OR HOME LOAN.) (RECORD ON GRID BELOW AT Q.E17)

E18. What is the monthly payment on your (first/second) mortgage? (ASK FOR EACH MORTGAGE AND RECORD ON GRID BELOW AT Q.E18)

E19. Does your monthly payment include property taxes and insurance? (ASK FOR EACH MORTGAGE AND RECORD ON GRID BELOW AT Q.E19)

E20. How many years do you have left to pay on your (first/second) mortgage? (ASK FOR EACH MORTGAGE AND RECORD ON GRID BELOW AT Q.E20)

E21. What is the approximate annual percent of interest or finance charge you pay on your mortgage(s)? (ASK FOR EACH MORTGAGE AND RECORD ON GRID BELOW AT Q.E21)

HAND RESPONDENT CARD K

E22. Please look at this card and tell me to which institution you actually make your (first/second) mortgage payment? (ASK FOR EACH MORTGAGE AND RECORD ON GRID BELOW AT Q.E22)

		1ST MORTGAGE	2ND MORTGAGE/LOAN ☐ ONLY HAS "SECOND" MORTGAGE/ HOME LOAN
E17. ORIGINAL AMOUNT		$__________ (31,32,33,34,35,36)	$__________ (49,50,51,52,53,54)
E18. MONTHLY PAYMENT		$__________ (37,38,39)	$__________ (55,56,57)
E19. INCLUDING TAX INSURANCE		YES ☐ 40-1 NO ☐ -5	YES ☐ 58-1 NO ☐ -5
E20. YEARS LEFT		__________ YEARS (41-42)	__________ YEARS (59-60)
E21. ANNUAL FINANCE PERCENT		__________ % (43,44,45,46)	__________ % (61,62,63,64)
		(47-48)	(65-66)
E22. WHERE PAYMENT MADE:	BANK	☐ 01	☐ 01
	SAVINGS & LOAN	☐ 02	☐ 02
	INSURANCE COMPANY	☐ 03	☐ 03
	CREDIT UNION	☐ 04	☐ 04
	FINANCE COMPANY	☐ 06	☐ 06
	MORTGAGE COMPANY	☐ 11	☐ 11
	INDIVIDUAL	☐ 12	☐ 12
	OTHER (SPECIFY)	☐ 07 __________	☐ 07 __________

TAKE BACK CARD K

BEST AVAILABLE COPY

E23. Have you ever refinanced your (first) mortgage or land contract on this home?

YES [ ]67-1 ASK Q.E24
NO [ ] -5 SKIP TO Q.E31

IF "YES" IN Q.E23, ASK:

E24. When you refinanced your mortgage, did you... (READ LIST)

Pay off old mortgage [ ]68-1
Add to old mortgage [ ] -2
Or what (SPECIFY) [ ] -7

____

E25. What were the reasons for refinancing your mortgage? For example, was it to make additions or repairs to your home, a down payment on a second home, to pay off other debts, or what?

____69-

____70-

____

E26. In what year did you refinance this mortgage?

__________YEAR
(71-72)

SKIP Q.E27

5-7 09I

E28. What rate of interest were you paying on your old mortgage?

%__________(8,9,10,11)
DON'T KNOW [ ]

E29. When you refinanced this mortgage, did you pay any fees or charges?

YES [ ]12-1 ASK Q.E30
NO [ ] -5} SKIP TO
DON'T KNOW [ ] -8} Q.E31

IF "YES" IN Q.E29, ASK:

E30. Approximately how much were these fees or charges?

$__________(13,14,15,16)
DON'T KNOW [ ]

E31. Is your current (first) mortgage an FHA or VA mortgage?

FHA [ ]17-1
VA [ ] -2
NEITHER [ ] -5
DON'T KNOW [ ] -8

F. HOME IMPROVEMENTS

(FROM A. SECTION ON SCREENER PAGE)

IF "YES" TO ANY IN A. HOME IMPROVEMENTS ON SCREENER PAGE, RECORD UP TO 2 ITEMS ON GRID AND ASK QUESTIONS F1-F16 FOR FIRST ITEM BEFORE GOING BACK TO SECOND ITEM.

	1ST ITEM	2ND ITEM
	[5-7] 11K	[5-7] 12L
F1a. You mentioned (FROM F/G/H SCREENER), what exactly was done?	________ 8- ________ 9-	________ 8- ________ 9-
F1b. Was the (MENTION ITEM) started in 1977 or 1978?	1977 [ ]10-1 1978 [ ]-2	1977 [ ]10-1 1978 [ ]-2
F2. In total, how much did (MENTION ITEM) cost?	$________ (11,12,13,14,15)	$________ (11,12,13,14,15)
F3. Did you use a credit card or charge account for (MENTION ITEM)?	YES [ ]16-1 ASK Q.F4 NO [ ] -5 SKIP TO Q.F5	YES [ ]16-1 ASK Q.F4 NO [ ] -5 SKIP TO Q.F5
IF "YES" IN Q.F3, ASK: F4. For (MENTION ITEM) did you use a bank credit card like Master Charge or BankAmericard/Visa, a store's own credit card or what?	BANK CARD [ ]17-1 STORE CARD [ ] -5 OTHER (SPECIFY) [ ] -7 } SKIP TO INSTRUCTION AFTER Q.F16 ________	BANK CARD [ ]17-1 STORE CARD [ ] -5 OTHER (SPECIFY) [ ] -7 } SKIP TO Q.G1 ________
IF "NO" IN Q.F3, ASK: F5. How much of the cost for (MENTION ITEM) did you pay in cash?	$________ (18,19,20,21,22) NONE [ ] SKIP TO Q.F7	$________ (18,19,20,21,22) NONE [ ] SKIP TO Q.F7
IF ANY CASH IN Q.F5, ASK: F6. Did the cash for (MENTION ITEM) come from... (READ LIST)	A loan [ ]23-1 Savings [ ] -2 (DON'T READ) Both loan and savings [ ] -4 Other (SPECIFY) [ ] -7 ________	A loan [ ]23-1 Savings [ ] -2 (DON'T READ) Both loan and savings [ ] -4 Other (SPECIFY) [ ] -7 ________
F7. How much did you borrow or finance for (MENTION ITEM) if any?	$________ (24,25,26,27,28) NONE [ ] SKIP TO INSTRUCTION AFTER Q.F16	$________ (24,25,26,27,28) NONE [ ] SKIP TO Q.G1
F8. Excluding your (spouse/companion) did you have a co-signer on this loan?	YES [ ]29-1 NO [ ] -5	YES [ ]29-1 NO [ ] -5
F9. What is the annual percentage rate of interest or finance charge on the loan for (MENTION ITEM)?	%________(30-32) DON'T KNOW [ ]	%________(30-32) DON'T KNOW [ ]

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	1ST ITEM	2ND ITEM
F10. How many payments do you have left to make on the loan for (MENTION ITEM)?	PAYMENTS ________(33-34) NO REGULAR PAYMENTS [ ] NONE [ ]	PAYMENTS ________(33-34 NO REGULAR PAYMENTS [ ] NONE [ ]
F11. (Is/Was) the balance of the loan for (MENTION ITEM) included in your (first mortgage/second mortgage)?	IN 1ST MORTGAGE [ ]35-1 } SKIP TO INSTRUCTION AFTER Q.F16 IN 2ND MORTGAGE [ ] -2 } NO [ ] -5 ASK Q.F12	IN 1ST MORTGAGE [ ]35-1 } SKIP TO Q.G1 IN 2ND MORTGAGE [ ] -2 } NO [ ] -5 ASK Q.F12
IF "NO" IN Q.F11, ASK:		
F12. how much (are/were) the payments on the loan for (MENTION ITEM) and how often (do/did) you make them?	$________________ (36,37,38,39) PER________________40- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8	$________________ (36,37,38,39) PER________________40- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8
F13. (Is/Was) the loan for (MENTION ITEM) covered by any credit insurance that would pay off the loan should you die or make payments if you become disabled or sick?	YES [ ]41-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]41-1 NO [ ] -5 DON'T KNOW [ ] -8
F14. When you first got the loan for (MENTION ITEM) how many payments did you agree to make?	# PAYMENTS ________(42-43) NO SET # [ ] DON'T KNOW [ ]	# PAYMENTS ________(42-43) NO SET # [ ] DON'T KNOW [ ]
HAND RESPONDENT CARD M		
F15. Looking at this card, please tell me who you (make/made) payments to on the loan for your (MENTION ITEM).	(44-45) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________________	(44-45) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________________
F16. Still looking at this card, please tell me where you filled out the papers and signed the contract for the loan for (MENTION ITEM).	(46-47) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________________	(46-47) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________________

TAKE BACK CARD M

RE-ASK Q'S F1-F16 FOR SECOND ITEM, IF ANY. IF NO SECOND ITEM, SKIP TO G. SECTION

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F CHECKPOINT

	YES	NO
Q.F10. ANY PAYMENT LEFT	☐	☐

IF YES:
Q.F15. WHERE PAYMENT MADE:

BANK ☐
STORE/DEALER ☐
FINANCE COMPANY ☐
CREDIT UNION ☐

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G. DURABLES

[5-7] 13M   [5-7] 14M

(FROM B. SECTION ON SCREENER PAGE)

IF "YES" TO ANY IN B. DURABLES ON SCREENER PAGE, RECORD UP TO 2 ITEMS ON GRID AND ASK QUESTIONS G1-G17 FOR FIRST ITEM BEFORE GOING BACK TO SECOND ITEM.

	1ST ITEM	2ND ITEM
	____________________8- ____________________9-	____________________8- ____________________9-
G1. Did you purchase (MENTION ITEM) in 1977 or 1978?	1977 [ ]10-1 1978 [ ]-2	1977 [ ]10-1 1978 [ ]-2
G2. In total, how much did (MENTION ITEM) cost?	$____________ (11,12,13,14,15)	$____________ (11,12,13,14,15)
G3. Did you have a trade-in to apply to the cost of (MENTION ITEM)?	YES [ ]16-1 ASK Q.G4 NO [ ] -5 SKIP TO DON'T KNOW [ ] -8 Q.G5	YES [ ]16-1 ASK Q.G4 NO [ ] -5 SKIP TO DON'T KNOW [ ] -8 Q.G5
IF "YES" IN Q.G3, ASK: G4. How much did you get for your trade-in?	$____________ (17,18,19,20) DON'T KNOW [ ]	$____________ (17,18,19,20) DON'T KNOW [ ]
G5. Did you use a credit card or charge account for (MENTION ITEM)?	YES [ ]21-1 ASK Q.G6 NO [ ] -5 SKIP TO Q.G7	YES [ ]21-1 ASK Q.G6 NO [ ] -5 SKIP TO Q.G7
IF "YES" IN Q.G5, ASK: G6. When you purchased (MENTION ITEM) did you use a bank credit card like Master Charge or BankAmericard/Visa, a store's own credit card or what?	BANK CARD [ ]22-1 SKIP TO STORE CARD [ ] -5 INSTRUC- OTHER (SPECIFY) [ ] -7 TION AFTER Q.G17 ____________	BANK CARD [ ]22-1 SKIP STORE CARD [ ] -5 TO OTHER (SPECIFY) [ ] -7 Q.H1 ____________
IF "NO" IN Q.G5, ASK: G7. How much did you pay in cash on (MENTION ITEM)?	$____________ (23,24,25,26,27) NONE [ ] SKIP TO Q.G9	$____________ (23,24,25,26,27) NONE [ ] SKIP TO Q.G9
IF ANY CASH IN Q.G5, ASK: G8. Did this cash for (MENTION ITEM) come from... (READ LIST) (DO NOT READ)	A loan [ ]28-1 Savings [ ] -2 Both [ ] -4 Other (SPECIFY) [ ] -7 ____________	A loan [ ]28-1 Savings [ ] -2 Both [ ] -4 Other (SPECIFY) [ ] -7 ____________
G9. How much did you borrow or finance for (MENTION ITEM) if any?	$____________ (29,30,31,32,33) NONE [ ] SKIP TO INSTRUCTION AFTER Q.G17	$____________ (29,30,31,32,33) NONE [ ] SKIP TO Q.H1
G10. Excluding your (spouse/companion) did you have a co-signer on this loan?	YES [ ]34-1 NO [ ] -5	YES [ ]34-1 NO [ ] -5
G11. How many payments do you have left to make on the loan for (MENTION ITEM)?	PAYMENTS ________(35-36) NONE [ ]	PAYMENTS ________(35-36) NONE [ ]

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	1ST ITEM	2ND ITEM
G12. How much are/were the payments on the loan for (MENTION ITEM) and how often (do/did) you make them?	$________________ (37,38,39,40) PER________________41- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8	$________________ (37,38,39,40) PER________________41- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8
G13. What (is/was) the annual percentage rate of interest or finance charge on the loan for (MENTION ITEM)?	__________% (42,43,44) DON'T KNOW [ ]	__________% (42,43,44) DON'T KNOW [ ]
G14. (Is/Was) the loan for (MENTION ITEM) covered by any credit insurance that would pay off the loan should you die or make payments if you become disabled or sick?	YES [ ]45-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]45-1 NO [ ] -5 DON'T KNOW [ ] -8
G15. When you first got the loan for (MENTION ITEM) how many payments did you agree to make?	_______# PAYMENTS (46,47) NO SET # [ ] DON'T KNOW [ ]	_______# PAYMENTS (46,47) NO SET # [ ] DON'T KNOW [ ]

HAND RESPONDENT CARD M

G16. Looking at this card, please tell me who you (make/made) payments to on the loan for your (MENTION ITEM).	(48-49) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________	(48-49) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________
G17. Still looking at this card, please tell me where you filled out the papers and signed the contract for the loan for (MENTION ITEM).	(50-51) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________	(50-51) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________

TAKE BACK CARD M

RE-ASK Q'S G1-G17 FOR SECOND ITEM, IF ANY. IF NO SECOND ITEM, SKIP TO H. SECTION

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G CHECKPOINT

	YES	NO
Q.G11. ANY PAYMENTS LEFT	☐	☐

IF YES:

Q.G16. WHERE PAYMENTS MADE:

BANK	☐
STORE/DEALER	☐
FINANCE COMPANY	☐
CREDIT UNION	☐

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H. RECREATION & HOBBY ITEMS

(FROM C. SECTION ON SCREENER PAGE)

IF "YES" TO ANY IN C. RECREATION AND HOBBY ITEMS ON SCREENER PAGE, RECORD UP TO 2 ITEMS ON GRID AND ASK QUESTIONS H1-H17 FOR FIRST ITEM BEFORE GOING BACK TO SECOND ITEM.

	1ST ITEM	2ND ITEM
	______ 8- ______ 9-	______ 8- ______ 9-
H1. Did you purchase (MENTION ITEM) in 1977 or 1978?	1977 [ ]10-1 1978 [ ]-2	1977 [ ]10-1 1978 [ ]-2
H2. In total, how much did (MENTION ITEM) cost?	$______ (11,12,13,14,15)	$______ (11,12,13,14,15)
H3. Did you have a trade-in to apply to the cost of (MENTION ITEM)	YES [ ]16-1 ASK Q.H4 NO [ ] -5 SKIP TO DON'T KNOW [ ] -8 Q.H5	YES [ ]16-1 ASK Q.H4 NO [ ] -5 SKIP TO DON'T KNOW [ ] -8 Q.H5
IF "YES" IN Q.H3, ASK: H4. How much did you get for your trade-in?	$______ (17,18,19,20) DON'T KNOW [ ]	$______ (17,18,19,20) DON'T KNOW [ ]
H5. Did you use a credit card or charge account for (MENTION ITEM)?	YES [ ]21-1 ASK Q.H6 NO [ ] -5 SKIP TO Q.H7	YES [ ]21-1 ASK Q.H6 NO [ ] -5 SKIP TO Q.H7
IF "YES" IN Q.H5, ASK: H6. When you purchased (MENTION ITEM) did you use a bank credit card like Master Charge or BankAmericard/Visa, a store's own credit card or what?	BANK CARD [ ]22-1 SKIP TO STORE CARD [ ] -5 INSTRUC- OTHER (SPECIFY) [ ] -7 TION AFTER Q.H17 ______	BANK CARD [ ]22-1 SKIP STORE CARD [ ] -5 TO OTHER (SPECIFY) [ ] -7 Q.J1 ______
IF "NO" IN Q.H5, ASK: H7. How much did you pay in cash on (MENTION ITEM)?	$______ (23,24,25,26,27) NONE [ ] SKIP TO Q.H9	$______ (23,24,25,26,27) NONE [ ] SKIP TO Q.H9
IF ANY CASH IN Q.H5, ASK: H8. Did this cash for (MENTION ITEM) come from... (READ LIST) (DO NOT READ)	A loan [ ]28-1 Savings [ ] -2 Both [ ] -4 Other (SPECIFY) [ ] -7 ______	A loan [ ]28-1 Savings [ ] -2 Both -4 Other (SPECIFY) [ ] -7 ______
H9. How much did you borrow or finance for (MENTION ITEM) if any?	$______ (29,30,31,32,33) NONE [ ] SKIP TO INSTRUCTION AFTER Q.H17	$______ (29,30,31,32,33) NONE [ ] SKIP TO Q.J1
H10. Excluding your (spouse/companion) did you have a co-signer on this loan?	YES [ ]34-1 NO [ ] -5	YES [ ]34-1 NO [ ] -5
H11. How many payments do you have left to make on the loan for (MENTION ITEM)?	PAYMENTS ______(35-36) NONE [ ]	PAYMENTS ______(35-36) NONE [ ]

	1ST ITEM	2ND ITEM
H12. How much (are/were) the payments on the loan for (MENTION ITEM) and how often (do/did) you make them?	$________________ (37,38,39,40) PER________________41- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8	$________________ (37,38,39,40) PER________________41- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8
H13. What (is/was) the annual percentage rate of interest or finance charge on the loan for (MENTION ITEM)?	%__________(42-44) DON'T KNOW [ ]	%__________(42-44) DON'T KNOW [ ]
H14. (Is/Was) the loan for (MENTION ITEM) covered by any credit insurance that would pay off the loan should you die or make payments if you become disabled or sick?	YES [ ]45-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]45-1 NO [ ] -5 DON'T KNOW [ ] -8
H15. When you first got the loan for (MENTION ITEM) how many payments did you agree to make?	# PAYMENTS ________(46-47) NO SET # [ ] DON'T KNOW [ ]	# PAYMENTS ________(46-47) NO SET # [ ] DON'T KNOW [ ]

HAND RESPONDENT CARD M

	1ST ITEM (48-49)	2ND ITEM (48-49)
H16. Looking at this card, please tell me who you (make/made) payments to on the loan for your (MENTION ITEM).	BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________	BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________
H17. Still looking at this card, please tell me where you filled out the papers and signed the contract for the loan for (MENTION ITEM).	(50-51) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________ SKIP COLS. 52-53	(50-51) BANK [ ] 01 DEALER/STORE/CONTRACTOR [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ________________

TAKE BACK CARD M

RE-ASK Q'S H1-H17 FOR SECOND ITEM, IF ANY. IF NO SECOND ITEM, SKIP TO J. SECTION

H CHECKPOINT

	YES	NO
Q.H11. ANY PAYMENTS LEFT	☐	☐

IF YES:

Q.H16. WHERE PAYMENTS MADE:		
	BANK	☐
	STORE/DEALER	☐
	FINANCE COMPANY	☐
	CREDIT UNION	☐

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J. VEHICLES

J1. Next, I would like to talk with you about cars. Do you or any member of your family living here own or lease a car, truck, van or any jeep-type vehicles?

YES [ ]52-1 ASK Q.J2
NO [ ] -5 SKIP TO Q.K1

J2. Totally, how many vehicles are owned or leased by you or your family living in this household?

ONE [ ]53-1
TWO [ ] -2
THREE [ ] -3
FOUR OR MORE [ ] -4

ASK Q'S J3-J25 FOR FIRST CAR BEFORE GOING BACK TO SECOND (THIRD) CAR

J3. Please tell me the year model of your (main family car/second/third car)?

J4. What is the make and model of your (main family car/second/third)?

J5. Is your (main family car/second/third car) purchased or leased?

IF "PURCHASED" IN Q.J5, ASK:

J6. Was your (main family car/second/third) purchased new or used?

J7. In what year did you purchase your (main family car/second/third)?

IF PURCHASED IN 77 OR 78 IN Q.J7, ASK:

J8. What was the purchase price of your (MAKE/MODEL)?

J9. Did you have a trade-in to apply to the cost of your (MAKE/MODEL)?

IF "YES" IN Q.J9, ASK:

J10. What was the amount that you got for your trade-in on (MAKE/MODEL)

J11. How much of the price of the (MAKE/MODEL) did you pay in cash?

IF ANY CASH IN Q.J11, ASK:

J12. Did the cash to pay for (MAKE/MODEL) come from a... (READ LIST)

J13. How much money did you borrow to purchase your (MAKE/MODEL)?

J14. Excluding your (spouse/companion), did you have a co-signer on this loan?

J15. What is (or was) the annual percentage rate of interest or finance charge on this loan?

J16. Is (or was) this loan for (MAKE/MODEL) covered by any credit insurance that would pay off the loan should you die, or make payments if you become sick or disabled?

J17. Do you still owe any money on (MAKE/MODEL)?

5-7 17Q	5-7 18R	5-7 19S
1ST CAR	2ND CAR	3RD CAR
________(8-9) CAR YEAR	________(8-9) CAR YEAR	________(8-9) CAR YEAR
________________MAKE 10- 11- ________________MODEL 12-	________________MAKE 10- 11- ________________MODEL 12-	________________MAKE 10- 11- ________________MODEL 12-
PURCHASED [ ]13-1 ASK Q.J6 LEASED [ ] -2 SKIP TO Q.J18	PURCHASED [ ]13-1 ASK Q.J6 LEASED [ ] -2 SKIP TO Q.J18	PURCHASED [ ]13-1 ASK Q.J6 LEASED [ ] -2 SKIP TO Q.J18
NEW [ ]14-1 USED [ ] -2	NEW [ ]14-1 USED [ ] -2	NEW [ ]14-1 USED [ ] -2
(15-16) 1978 [ ]78 } ASK Q.J8 1977 [ ]77 19______ [ ] → SKIP TO Q.J17	(15-16) 1978 [ ]78 } ASK Q.J8 1977 [ ]77 19______ [ ] → SKIP TO Q.J17	(15-16) 1978 [ ]78 } ASK Q.J8 1977 [ ]77 19______ [ ] → SKIP TO Q.J17
$____________ (17,18,19,20,21) DON'T KNOW [ ]	$____________ (17,18,19,20,21) DON'T KNOW [ ]	$____________ (17,18,19,20,21) DON'T KNOW [ ]
YES [ ]22-1 ASK Q.J10 NO [ ] -5 SKIP TO Q.J11	YES [ ]22-1 ASK Q.J10 NO [ ] -5 SKIP TO Q.J11	YES [ ]22-1 ASK Q.J10 NO [ ] -5 SKIP TO Q.J11
$____________ (23,24,25,26,27) DON'T KNOW [ ]	$____________ (23,24,25,26,27) DON'T KNOW [ ]	$____________ (23,24,25,26,27) DON'T KNOW [ ]
$____________ (28,29,30,31,32) } ASK Q.J12 ALL OF IT [ ] NONE [ ] → SKIP TO Q.J13	$____________ (28,29,30,31,32) } ASK Q.J12 ALL OF IT [ ] NONE [ ] → SKIP TO Q.J13	$____________ (28,29,30,31,32) } ASK Q.J12 ALL OF IT [ ] NONE [ ] → SKIP TO Q.J13
LOAN OR CREDIT [ ]33-1 SOLD A CAR [ ] -2 SAVINGS [ ] -3 OTHER (SPECIFY) [ ] -7 ________________	LOAN OR CREDIT [ ]33-1 SOLD A CAR [ ] -2 SAVINGS [ ] -3 OTHER (SPECIFY) [ ] -7 ________________	LOAN OR CREDIT [ ]33-1 SOLD A CAR [ ] -2 SAVINGS [ ] -3 OTHER (SPECIFY) [ ] -7 ________________
$____________ (34,35,36,37,38) NONE [ ] → SKIP TO INSTRUCTION AFTER Q.J25	$____________ (34,35,36,37,38) NONE [ ] → SKIP TO INSTRUCTION AFTER Q.J25	$____________ (34,35,36,37,38) NONE [ ] → SKIP TO K1
YES [ ]39-1 NO [ ] -5	YES [ ]39-1 NO [ ] -5	YES [ ]39-1 NO [ ] -5
________% (40,41,42)	________% (40,41,42)	________% (40,41,42)
YES [ ]43-1 NO [ ] -5	YES [ ]43-1 NO [ ] -5	YES [ ]43-1 NO [ ] -5
YES [ ]44-1 ASK Q.J18 NO [ ] -5 SKIP TO INSTRUCTION AFTER Q.J25	YES [ ]44-1 ASK Q.J18 NO [ ] -5 SKIP TO INSTRUCTION AFTER Q.J25	YES [ ]44-1 ASK Q.J18 NO [ ] -5 SKIP TO K1

IF "YES" IN Q.J17 OR "LEASED" IN Q.J5, ASK:

J18. How many payments do you have left to make on (MAKE/MODEL)?

J19. How much are the payments for (MAKE/MODEL) and how often do you make them?

J20. Do the payments on the (MAKE/MODEL) include auto insurance?

J21. When you first got the (MAKE/MODEL), how many payments did you agree to make?

J22. Will the final payment on the (MAKE/MODEL) be in the same amount as the others?

IF "NO" TO Q.J22, ASK:

J23. How much will your final payment for (MAKE/MODEL) be?

HAND RESPONDENT CARD D

J24. Looking at this card, please tell me who you make payments to for your (MAKE/MODEL)?

J25. Finally, where did you fill out the papers and sign the contract for the loan for (MAKE/MODEL)?

TAKE BACK CARD D

ASK Q'S J3-J25 FOR SECOND (THIRD) CAR, IF ANY. OTHERWISE, SKIP TO Q.K1.

1ST CAR	2ND CAR	3RD CAR
__________ PAYMENTS (45-46) DON'T KNOW [ ]	__________ PAYMENTS (45-46) DON'T KNOW [ ]	__________ PAYMENTS (45-46) DON'T KNOW [ ]
$______________ (47,48,49,50) PER______________ 51- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8	$______________ (47,48,49,50) PER______________ 51- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8	$______________ (47,48,49,50) PER______________ 51- NO REGULAR PAYMENT [ ]-7 DON'T KNOW [ ]-8
YES [ ]52-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]52-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]52-1 NO [ ] -5 DON'T KNOW [ ] -8
# PAYMENTS ________(53-54) NO SET # [ ] DON'T KNOW [ ]	# PAYMENTS ________(53-54) NO SET # [ ] DON'T KNOW [ ]	# PAYMENTS ________(53-54) NO SET # [ ] DON'T KNOW [ ]
NO [ ]55-5 ASK Q.J23 YES [ ] -1 } SKIP TO INST. DON'T KNOW [ ] -8 } BEFORE Q.J24	NO [ ]55-5 ASK Q.J23 YES [ ] -1 } SKIP TO INST. DON'T KNOW [ ] -8 } BEFORE Q.J24	NO [ ]55-5 ASK Q.J23 YES [ ] -1 } SKIP TO INST. DON'T KNOW [ ] -8 } BEFORE Q.J24
$______________ (56,57,58,59) DON'T KNOW [ ]	$______________ (56,57,58,59) DON'T KNOW [ ]	$______________ (56,57,58,59) DON'T KNOW [ ]
(60-61) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________	(60-61) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________	(60-61) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________
(62-63) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________	(62-63) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________	(62-63) STORE/DEALER [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 OTHER (SPECIFY) [ ] 07 ______________

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J CHECKPOINT

	YES	NO
Q.J17. ANY PAYMENTS LEFT	☐	☐

IF YES:

Q.J24. WHERE PAYMENTS MADE:

BANK	☐
STORE/DEALER	☐
FINANCE COMPANY	☐
CREDIT UNION	☐

K. OTHER PAYMENTS

		1ST ITEM	2ND ITEM
K1. Do you or anyone in your family living here make regular payments on any other loan or debt that we haven't talked about yet?	YES [ ]8-1 ASK Q.K2 NO [ ] -5 SKIP TO Q.K14	5-7 20T	5-7 21U SKIP COL. 8
IF "YES" IN Q.K1, ASK: K2. What else do you make regular payments on? (PROBE FOR SPECIFICS OF LOAN AND/OR ITEM.) (RECORD EACH ITEM IN SPACE PROVIDED)		____ 9- ____ 10- ____	____ 9- ____ 10- ____
ASK Q'S K3-K13 FOR FIRST DEBT BEFORE GOING BACK TO SECOND DEBT.			
K3. How much are your payments on (MENTION LOAN) and how often do you make them?		$____ (11,12,13,14) PER____15- DON'T KNOW [ ]-8	$____ (11,21,13,14) PER____15- DON'T KNOW [ ]-8
K4. What was the original amount owed for (MENTION LOAN)?		$____ (16,17,18,19,20) DON'T KNOW [ ]	$____ (16,17,18,19,20) DON'T KNOW [ ]
K5. When did you originally borrow this money?		____(21-22) YEAR DON'T KNOW [ ]	____(21-22) YEAR DON'T KNOW [ ]
K6. Was this a new loan or were you refinancing a previous loan?		NEW [ ]23-1 REFINANCING [ ] -2	NEW [ ]23-1 REFINANCING [ ] -2
K7. Excluding your (spouse/companion), did you have a co-signer on this loan?		YES [ ]24-1 NO [ ] -5	YES [ ]24-1 NO [ ] -5
K8. When you got this loan, did you have to use anything you own as collateral or security?		YES [ ]25-1 (ASK Q.K8a) NO [ ] -5 (SKIP TO Q.K9)	YES [ ]25-1 (ASK Q.K8a) NO [ ] -5 (SKIP TO Q.K9)
IF "YES" IN Q.K8, ASK: K8a. What did you use as collateral or security?		____	____
K9. What is the annual percentage rate of interest or finance charge on this loan?		____% (26,27,26)	____% (26,27,28)

	1ST ITEM	2ND ITEM
K10. When you incurred this debt, how many payments did you agree to make?	# PAYMENTS ______(29-30) NO SET # [ ] DON'T KNOW [ ]	# PAYMENTS ______(29-30) NO SET # [ ] DON'T KNOW [ ]
K11. Is your debt for (MENTION LOAN) covered by credit insurance that would pay off the loan should you die, or make payments if you become sick or disabled?	YES [ ]31-1 NO [ ] -5 DON'T KNOW [ ] -8	YES [ ]31-1 NO [ ] -5 DON'T KNOW [ ] -8
HAND RESPONDENT CARD N K12. Looking at this card, please tell me where you make the payments on (MENTION LOAN).	(32-33) STORE [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 DOCTOR/HOSPITAL [ ] 12 OTHER (SPECIFY) [ ] 07 ______________________	(32-33) STORE [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 DOCTOR/HOSPITAL [ ] 12 OTHER (SPECIFY) [ ] 07 ______________________
K13. And, where did you sign the papers for (MENTION LOAN)?	(34-35) STORE [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 DOCTOR/HOSPITAL [ ] 12 OTHER (SPECIFY) [ ] 07 ______________________	(34-35) STORE [ ] 01 BANK [ ] 02 FINANCE OR LOAN COMPANY [ ] 03 CREDIT UNION [ ] 04 EMPLOYER [ ] 06 PEOPLE AT WORK [ ] 09 FRIEND OR RELATIVE [ ] 11 DOCTOR/HOSPITAL [ ] 12 OTHER (SPECIFY) [ ] 07 ______________________

TAKE BACK CARD N

ASK Q'S K3-K13 FOR SECOND DEBT, IF ANY.

	1ST ITEM	2ND ITEM
		SKIP COL. 36

K14. Do you or anyone in your family living here have any debts on which regular payments are made, such as a loan on a life insurance policy, a debt to an individual or bank or to a doctor, etc.?

YES [ ]36-1 ASK Q.K15
NO [ ] -5 SKIP TO INST. K CHECKPOINT, PAGE 37

K15. What exactly are these debts? What was the money used for? What others do you have? (RECORD EACH DEBT IN SPACE PROVIDED)

1ST ITEM	2ND ITEM
____________________37-	____________________37-
____________________38-	____________________38-
____________________	____________________
____________________	____________________

ASK Q'S K16-K18 FOR FIRST DEBT BEFORE GOING BACK TO SECOND DEBT.

HAND RESPONDENT CARD P

K16. Do you make payments on (MENTION DEBT IN Q.K15) to...? (ASK FOR EACH ITEM)

	(39-40)		(39-40)
An insurance company	[ ] 01	An insurance company	[ ] 01
A store/dealer/contractor	[ ] 02	A store/dealer/contractor	[ ] 02
A bank	[ ] 03	A bank	[ ] 03
A finance or loan company	[ ] 04	A finance or loan company	[ ] 04
A credit union	[ ] 06	A credit union	[ ] 06
An employer	[ ] 09	An employer	[ ] 09
People at work	[ ] 10	People at work	[ ] 10
A friend or relative	[ ] 11	A friend or relative	[ ] 11
Doctor/Hospital	[ ] 12	Doctor/Hospital	[ ] 12
Other (SPECIFY)	[ ] 07	Other (SPECIFY)	[ ] 07
____________________		____________________	

TAKE BACK CARD P

K17. How much do you still owe on this (MENTION DEBT)? (ASK FOR EACH ITEM)

1ST ITEM	2ND ITEM
$____________	$____________
(41,42,43,44,45)	(41,42,43,44,45)
DON'T KNOW [ ]	DON'T KNOW [ ]

K18. What is the approximate annual percentage rate of interest that you pay on (MENTION ITEM)? (ASK FOR EACH ITEM)

1ST ITEM	2ND ITEM
____________% (46,47,48)	____________% (46,47,48)
NONE [ ]	NONE [ ]
DON'T KNOW [ ]	DON'T KNOW [ ]

ASK Q'S K16-18 FOR SECOND DEBT, IF ANY.

SKIP COL. 49-71

K CHECKPOINT

	YES	NO
Q.K3. ANY PAYMENTS LEFT	☐	☐

IF YES:
Q.K12. WHERE PAYMENTS MADE:

BANK	☐
STORE/DEALER	☐
FINANCE COMPANY	☐
CREDIT UNION	☐

	YES	NO
Q.K14. ANY PAYMENTS LEFT	☐	☐

IF YES:
Q.K16. WHERE PAYMENTS MADE:

BANK	☐
STORE/DEALER	☐
FINANCE COMPANY	☐
CREDIT UNION	☐

IF "OWNS HOME" OR "MOBILE HOME" IN Q.E3 ON PAGE 15, ASK Q.K19. OTHERWISE, SKIP TO Q.K21

K19. Now I want to ask you a question about all of the loans we have talked about. Excluding your mortgage, do any of the loans we have talked about so far use your home/mobile home as collateral?

YES [ ]49-1 ASK Q.K20
NO [ ] -5 } SKIP TO
DON'T KNOW [ ] -8 } Q.K21

IF "YES" IN Q.K19, ASK:

K20. Which of these loans use your home/mobile home as collateral? Any others?

50-
____________________ 51-
52-
____________________ 53-

K21. Excluding your use of credit cards, is there any place we haven't talked about yet about where you buy things but do not have to pay all you owe each month?

YES [ ]54-1 ASK Q.K22
NO [ ] -5 SKIP TO Q.K25

IF "YES" IN Q.K21, ASK:

K22. What type of place is that?

55-
____________________ 56-
57-
____________________ 58-

K23. What kind of payment arrangement do you have with the (FROM Q.K22)?

____________________ 59-

____________________ 60-

____________________ 61-

____________________ 62-

K24. Is there a charge for the privilege of paying later?

YES [ ]63-1
NO [ ] -5

K25. Of all the loans we have talked about, did you make the arrangements for any of them in another state while you were living in this state?

YES [ ]64-1 ASK Q.K26
NO [ ] -5 } SKIP TO
DON'T KNOW [ ] -8 } Q.K28

IF "YES" IN Q.K25, ASK:

K26. Which loan was this? That is, which item that we have talked about was this loan (or loans) for?

65-
____66-
67-
____68-

K27. What state(s) did you make these arrangements in?

____________________69-
____________________70-
____

K28. Excluding credit cards, have you ever applied for a loan through the mail?

YES [ ]71-1
NO [ ] -5
DON'T KNOW [ ] -8

INTERVIEWER CHECKPOINT

	F PAGE 22	G PAGE 25	H PAGE 28	J PAGE 33	K PAGE 37
DOES RESPONDENT HAVE OUTSTANDING LOAN FROM BANK, FINANCE COMPANY, CREDIT UNION, STORE/ DEALER?	YES [ ]	YES [ ]	YES [ ]	YES [ ]	YES TO EITHER [
	NO [ ]	NO [ ]	NO [ ]	NO [ ]	NO TO BOTH [

IF "YES" TO ANY ASK L. CREDIT SHOPPING SECTION

IF "NO" TO ALL SKIP TO M. CREDIT TRANSACTIONS SECTION

L. CREDIT SHOPPING

[5-7] 22V

HAND RESPONDENT CARD Q

[SKIP COL. 8]

L1. Of the loans that you are making payments on to any of the lenders listed on this card, (except for your mortgage or charge accounts or credit card accounts) which is the most recent loan or credit over $200? That is, for which item that we have talked about is your most recent loan over $200?

______________________________ 9-

______________________________ 10-

____

NONE OVER $200 [ ] → SKIP TO Q.M1 AND TAKE BACK CARD Q

L2. From which source on this list did you get this loan or credit?

STORE/DEALER [ ]11-1
BANK [ ] -2
FINANCE OR LOAN COMPANY [ ] -3
CREDIT UNION [ ] -4

TAKE BACK CARD Q

L3. Have you ever obtained credit or a loan from this (SOURCE FROM L2) before?

YES [ ]12-1 ASK Q.L4
NO [ ] -5 SKIP TO Q.L5

IF "YES" IN Q.L3, ASK:

L4. How many times before this have you obtained credit or a loan from this (SOURCE IN Q.L2)?

TIMES __________(13-14)

L5. Before you obtained this particular loan did you attempt to get additional information about other lenders or credit terms?

YES [ ]15-1 ASK Q.L6
NO [ ] -5 }SKIP TO Q.L8
DON'T KNOW [ ] -8 }SKIP TO Q.L8

IF "YES" IN Q.L5, ASK:

L6. What exactly did you do? What else did you do?

16-

______________________________ 17-

______________________________ 18-

______________________________ 19-

L7. What kind of information were you trying to get? What else?

20-

______________________________ 21-

______________________________ 22-

______________________________ 23-

L8. In all, how many (SOURCE FROM Q.L2) did you go to including the one you got your loan from?

_________(24-25)
# SOURCES

SKIP Q.L9

L10. Did you go to any places besides (SOURCE FROM Q.L2) to look for credit?

YES [ ]26-1 ASK Q.L11
NO [ ] -5 SKIP TO INSTRUCTION BEFORE Q.L12

IF "YES" IN Q.L10, HAND RESPONDENT CARD D AND ASK:

L11. Where else did you go? Where else?

STORE/DEALER	[ ]27-1
BANK	[ ]28-1
FINANCE OR LOAN COMPANY	[ ]29-1
CREDIT UNION	[ ]30-1
EMPLOYER	[ ]31-1
PEOPLE AT WORK	[ ]32-1
FRIEND OR RELATIVE	[ ]33-1
OTHER (SPECIFY)	[ ]34-1

____

IF MORE THAN ONE PLACE IN Q.L8 AND Q.L10 TOGETHER, ASK Q.L12;
(OTHERWISE, SKIP TO Q.L13)

L12. Why did you go to more than one place when you were looking for this loan or credit?

35-
____36-

____37-

____38-

L13. What are the main reasons that you chose a (SOURCE FROM Q.L2) to borrow the money from rather than one of the other institutions on this card? Why else?

39-
____40-

____41-

____42-

TAKE BACK CARD D

L14. Why did you choose this particular (SOURCE FROM Q.L2) you finally selected? Why else?

43-
____44-

____45-

____46-

L15. Are there any aspects of the credit or loan arrangement that you particularly liked?	YES [ ]47-1 ASK Q.L16 NO [ ] -5 SKIP TO Q.L17

IF "YES" IN Q.L15, ASK:

L16. What did you like about the arrangement? What else?

48-

____________________ 49-

____________________ 50-

____________________ 51-

L17. Are there any aspects of the credit or loan arrangement that you particularly disliked?	YES [ ]52-1 ASK Q.L18 NO [ ] -5 SKIP TO Q.L19

IF "YES" IN Q.L17, ASK:

L18. What did you dislike about the arrangement? What else?

53-

____________________ 54-

____________________ 55-

____________________ 56-

HAND RESPONDENT CARD R

L19a. Is this loan covered by any credit insurance such as the types listed on this card?	YES [ ]57-1 SKIP TO Q.L20 NO [ ] -5 ASK Q.L19b DON'T KNOW [ ] -8 SKIP TO Q.L22

IF "NO" IN Q.L19a, ASK:

L19b. Why didn't you get credit insurance on your loan?

____________________ 58-

____________________ 59-

____

SKIP TO Q.L22

IF "YES" IN Q.L19a, ASK:

L20. Looking at this card, please tell me what types of loan insurance this includes? What others?	CREDIT LIFE INSURANCE [ ]60-1 CREDIT ACCIDENT AND HEALTH [ ]61-1 CREDIT PROPERTY [ ]62-1 OTHER (SPECIFY) [ ]63-1 ____________________ DON'T KNOW [ ]
L21. Was there a separate charge for this insurance, was it included in the finance charge (free) or what?	SEPARATE CHARGE [ ]64-1 AUTOMATIC/FREE [ ] -2 OTHER (SPECIFY) [ ] -7 ____________________ DON'T KNOW [ ] -8

TAKE BACK CARD R

HAND RESPONDENT CARD S

L22. We are interested in whether your credit source recommended insurance. Please look at this card and tell me which statement most closely applies to what actually happened.

1. INSURANCE NEVER MENTIONED	[ ]65-1	SKIP TO Q.L26
2. INSURANCE MENTIONED BUT NOT RECOMMENDED	[ ] -2	ASK Q.L24
3. INSURANCE RECOMMENDED	[ ] -3	
4. INSURANCE STRONGLY RECOMMENDED	[ ] -4	
5. INSURANCE REQUIRED	[ ] -5	SKIP TO Q.L26
6. INSURANCE AUTOMATIC OR FREE	[ ] -6	
7. OTHER (SPECIFY) ______	[ ] -7	ASK Q.L24
DON'T KNOW	[ ] -8	SKIP TO Q.L26

TAKE BACK CARD S

66-

SKIP Q.L23

IF 2,3,4, OR 7 IN Q.L22, ASK:

L24. Did you feel that taking credit insurance would make any difference in whether the loan would be granted or not?

YES	[ ]67-1
NO	[ ] -5
DON'T KNOW	[ ] -8

L25. Did your credit source indicate that taking credit insurance would mean you could get better credit terms such as lower interest rates or fees?

YES	[ ]68-1
NO	[ ] -5
DON'T KNOW	[ ] -8

L26. In general, do you feel that buying credit insurance is a good thing, a bad thing, or what?

GOOD	[ ]69-1
GOOD WITH QUALIFICATIONS	[ ] -2
NEITHER GOOD NOR BAD	[ ] -3
BAD WITH QUALIFICATIONS	[ ] -4
BAD	[ ] -5

L27. Why do you feel that buying credit insurance is (FROM Q.L26)? Why else?

______________________________ 70-

______________________________ 71-

______________________________ 72-

______________________________ 73-

BEST AVA

M. CREDIT TRANSACTIONS

M1. Suppose that you were going to borrow $4,000 for 3 years to purchase a new automobile. In today's market, what is the lowest annual percentage interest rate or finance charge rate you think you could find at the places you would normally go for credit? (IF "DON'T KNOW" ASK FOR BEST ESTIMATE AND CHECK ESTIMATE BOX.)

[ ] ESTIMATE 74-1
% LOWEST RATE ________(75,76,77)
DON'T KNOW [ ]

\boxed{5-7} 23W

M2. What do you think the highest annual percentage rate would be at the places you would normally get credit? (IF "DON'T KNOW" ASK FOR ESTIMATE AND CHECK ESTIMATE BOX.)

[ ] ESTIMATE 8-1
% HIGHEST RATE _______(9,10,11)
SAME AS LOW RATE [ ] } SKIP TO
DON'T KNOW [ ] } Q.M6

M3. Suppose the dealer or the first lender you talked to offered you a rate exactly between the low rate you mentioned and the high rate. How many other lenders would you shop at to try to find one offering the lowest rate you think you could find?

ONE OTHER PLACE [ ] (12) ASK Q.M4
PLACES ______ [ ] → SKIP TO Q.M6
NONE [ ] → SKIP TO Q.M5

IF "ONE PLACE" IN Q.M3, ASK:

M4. Why would you shop at only one other place? Why else?

13-
______________________________ 14-
______________________________ 15-
______________________________ 16-

(SKIP TO Q.M6)

IF "NONE" IN Q.M3, ASK:

M5. Why wouldn't you go to another place? Why else?

17-
______________________________ 18-
______________________________ 19-
______________________________ 20-

(ASK Q.M6)

SKIP COL. 21

M6. In dollar terms, about how much money do you think someone might save by getting a $4,000 loan for 3 years at 1 percentage point less, say at 11% rather than 12%? (BE SURE TO GET RESPONSE IN DOLLARS. IF "DON'T KNOW" ASK FOR ESTIMATE AND CHECK ESTIMATE BOX.)

[ ] ESTIMATE 22-1
$_______ . _______(23,24,25)
DON'T KNOW [ ]

ILABLE COPY

M7. Have you or anyone else in your family used any self-operated electronic banking machines... (READ LIST AND CHECK ALL THAT APPLY.)

	YES	NO
To pay bills	[ ]26-1	[ ]-5
To make deposits	[ ]27-1	[ ]-5
To make withdrawals	[ ]28-1	[ ]-5
To get cash	[ ]29-1	[ ]-5
Other transaction (SPECIFY) ________	[ ]30-1	[ ]-5

IF "YES" TO ANY IN Q.M7, ASK:

M8. Was the machine located at the financial institution you use or somewhere else?

AT THE INSTITUTION [ ]31-1
SOMEWHERE ELSE [ ] -2

M9. In making payments on your debts in 1977 or 1978, did you make all the payments the way they were scheduled, did you get behind, or did you make payments that were larger than required or more frequent than scheduled?

1. AS SCHEDULED [ ]32-1 SKIP TO Q.M11
2. GOT BEHIND [ ] -2 ASK Q.M10
3. LARGER OR FASTER [ ] -3 ASK Q.M10
4. BOTH GOT BEHIND AND PAID AHEAD [ ] -4 ASK Q.M10
5. NO DEBTS [ ] -0 SKIP TO Q.M11

IF "2", "3" OR "4" IN Q.M9, ASK:

M10. What caused you to get behind in your payments or pay ahead?

33-
________ 34-
________ 35-
________ 36-

M11. Sometimes people co-sign a credit contract for a friend or relative to help them get credit. Within the past few years, have you co-signed any credit agreements or credit contracts to help friends or relatives obtain credit?

YES [ ]37-1 ASK Q.M12
NO [ ] -5 SKIP TO Q.M13
DON'T KNOW [ ] -8 SKIP TO Q.M13

IF "YES" IN Q.M11, ASK:

M12. Roughly, how many times have you co-signed credit contracts for others during this period?

TIMES ________(38)
DON'T REMEMBER [ ]

M13. Would you be willing to co-sign notes in the future?

YES [ ]39-1 SKIP TO Q.M15
NO [ ] -5 ASK Q.M14
DON'T KNOW [ ] -8 SKIP TO Q.M15

IF "NO" IN Q.M13, ASK:

M14. Why don't you feel you are willing to co-sign notes in the future? Why else?

40-
________ 41-
________ 42-
________ 43-

HAND RESPONDENT CARD T

M15. We would like to know what you think your obligations would be if you co-signed a friend's or relative's installment credit contract and he or she stopped making payments before the money was all paid back. Please tell me which statements on this card would be your responsibility. (BE SURE TO READ LIST TO RESPONDENT)

	YES	NO	DON'T KNOW
A. WHEN I'M NOTIFIED, OR LEARN MY FRIEND IS NOT PAYING, I AM REQUIRED TO ASK HIM TO PAY	[ ]44-1	[ ]-5	[ ]-8
B. IF HE CAN PAY BUT WON'T, I AM REQUIRED TO MAKE THE REST OF HIS PAYMENTS	[ ]45-1	[ ]-5	[ ]-8
C. IF HE CAN'T PAY BECAUSE OF ILLNESS OR AN ACCIDENT, I AM REQUIRED TO MAKE THE REST OF HIS PAYMENTS	[ ]46-1	[ ]-5	[ ]-8
D. IF I PAY THE BALANCE OWED, I CAN SUE MY FRIEND FOR THE AMOUNT I PAID THE CREDITOR FOR HIM	[ ]47-1	[ ]-5	[ ]-8

TAKE BACK CARD T

HAND RESPONDENT CARD U

M16. Sometimes people have difficulty in paying their debts and fall behind in their payments. When this happens, creditors have several courses of action that they may follow. In your opinion, which of these should a creditor be permitted to do to collect a debt that is owed? (BE SURE TO READ LIST TO RESPONDENT)

	SHOULD BE PERMITTED		
	YES	NO	DON'T KNOW
A. CHARGE AN EXTRA FEE IF PAYMENTS ARE LATE BY 30 DAYS OR MORE	[ ]48-1	[ ]-5	[ ]-8
B. RENEGOTIATE THE LOAN WITH LOWER MONTHLY PAYMENTS, BUT AT A HIGHER INTEREST RATE	[ ]49-1	[ ]-5	[ ]-8
C. CALL THE CONSUMER AT REGULAR INTERVALS TO REMIND HIM THAT THE DEBT MUST BE PAID	[ ]50-1	[ ]-5	[ ]-8
D. CONTACT THE CONSUMER'S EMPLOYER ABOUT THE DEBT OWED	[ ]51-1	[ ]-5	[ ]-8
E. TAKE BACK THE ITEM PURCHASED ON CREDIT	[ ]52-1	[ ]-5	[ ]-8
F. TAKE BACK AND SELL THE ITEM PURCHASED, THEN SUE FOR ANY AMOUNT OWNED BUT NOT COVERED BY THE SALE	[ ]53-1	[ ]-5	[ ]-8
G. IF NO PARTICULAR ITEM WAS PURCHASED WITH THE LOAN, TAKE HOUSEHOLD GOODS AND SELL THEM TO PAY OFF THE DEBT	[ ]54-1	[ ]-5	[ ]-8
H. ASK AN EMPLOYER TO TAKE PART OF THE CONSUMER'S WAGES TO PAY OFF THE DEBT	[ ]55-1	[ ]-5	[ ]-8
I. LEGALLY FORCE THE CONSUMER TO PAY THE CREDITOR'S LEGAL FEES IF THE CREDITOR HAS TO SUE	[ ]56-1	[ ]-5	[ ]-8
J. LEGALLY FORCE THE CONSUMER TO USE MONEY IN SAVINGS ACCOUNTS TO PAY OFF THE DEBTS	[ ]57-1	[ ]-5	[ ]-8

TAKE BACK CARD U

HAND RESPONDENT CARD D

M17. In your opinion, how do different types of creditors compare with regard to their use of the law to collect debts when somebody is behind in payments? Please tell me which type of creditor you think is most aggressive in collecting past due debts. Which is the second most aggressive and which is the third most aggressive? (ACCEPT ONLY THREE RESPONSES AND RECORD ORDER OF IMPORTANCE, 1-3)

		RANK ORDER AGGRESSIVE
A.	STORE OR DEALER	________(58)
B.	BANK	________(59)
C.	FINANCE OR LOAN COMPANY	________(60)
D.	CREDIT UNION	________(61)
E.	EMPLOYER	________(62)
F.	PEOPLE AT WORK	________(63)
G.	FRIEND OR RELATIVE	________(64)
H.	OTHER (SPECIFY)	________(65)

____________________66-

TAKE BACK CARD D

At times some people have difficulty repaying loans. This could happen because of unexpected layoffs, job losses, sickness, death, or family financial problems. When people fall behind on their payments, lenders may use a number of legal "remedies" to try to get their money back. We are interested in how much extra money people might be willing to pay in order to borrow money from a lender who agreed in writing that he would not use certain "remedies" in collecting money owed.

Suppose you borrowed $4,000 for 48 months for a new car. You would have to pay back approximately $1,000 in finance charges on that loan in addition to the $4,000 you borrowed.

M18. We are interested in how much extra in a one-time charge or fee you would be willing to pay to borrow from a lender who would give you a loan contract that would not make you pay his attorney's fees (which might be as much as $300) if he had to sue you to collect on the loan.

$________EXTRA
(67,68,69)

M19. Many lenders can assess "late charges" if your payment is more than two (2) weeks late. If a lender would agree to assess a late charge of $1 rather than $5 for each payment overdue, how much extra would you be willing to pay in a one-time charge or fee to obtain a $4,000 48-month loan from such a lender?

$__________EXTRA
(70,71,72)

If a borrower stopped paying on an auto loan when he still owed $2,000 and the car was worth only $1,500, the lender can take back the car and then sue for the extra $500.

M20. How much extra would you be willing to pay in a one-time charge or fee to obtain a $4,000, 48-month new car loan from a lender who agreed that if you stopped paying, he could only sue for the balance due on the loan ($2,000) but could not take back the car?

$__________EXTRA
(73,74,75)

5-7 24X

M21. Now suppose the lender agreed that if the borrower stopped paying, the lender would only take back the car (worth $1,500) but would not sue for the difference ($500). How much extra in a one-time charge or fee would you pay for such an agreement?

$__________EXTRA
(8,9,10)

M22. How likely do you think it is that you might have trouble repaying some of your debts in the next year or two. Would you say it is... (READ LIST)

	Very likely	[ ]	11-1
	Somewhat likely	[ ]	-2
	Not very likely	[ ]	-3
	Not at all likely	[ ]	-4
(DON'T READ)	DON'T KNOW	[ ]	-8

N. ASSETS

HAND RESPONDENT CARD V

N1a. Which of the following major items do you and your family living here have?

N1b. Which of these items were already in your home when you moved in?

		Q.N1a HAS	Q.N1b ALREADY IN HOME
A.	Television	[ ]12-1	[ ]-2
B.	Stereo	[ ]13-1	[ ]-2
C.	Cooking Stove	[ ]14-1	[ ]-2
D.	Microwave oven	[ ]15-1	[ ]-2
E.	Refrigerator	[ ]16-1	[ ]-2
F.	Freezer	[ ]17-1	[ ]-2
G.	Room air conditioner	[ ]18-1	[ ]-2
H.	Sewing machine	[ ]19-1	[ ]-2
I.	Washing machine	[ ]20-1	[ ]-2
J.	Dryer	[ ]21-1	[ ]-2
K.	Dishwasher	[ ]22-1	[ ]-2
L.	Trash compactor	[ ]23-1	[ ]-2
M.	Boat, snowmobile, garden tractor, etc.	[ ]24-1	[ ]-2
N.	Recreational vehicle	[ ]25-1	[ ]-2
O.	Garage door opener	[ ]26-1	[ ]-2

TAKE BACK CARD V

IF "YES" TO TELEVISION IN Q.N1a, ASK:

N1c. How many television sets do you and your family living here own? __________(27) # TV SETS

HAND RESPONDENT CARD W

N2. Do you or any member of your family living here have any regular savings accounts with any of the types of institutions listed on this card? Do not include certificates of deposit or checking accounts. (CHECK AS MANY AS APPLY AND RECORD ON GRID BELOW UNDER Q.N2.)

IF "YES" TO ANY IN Q.N2, ASK Q.N3a. OTHERWISE, SKIP TO Q.N5

N3a. Again, looking at this card, please tell me where you have your main regular savings account. That is, the one where you make the most deposits and withdrawals. (ACCEPT ONE RESPONSE AND RECORD ON GRID BELOW UNDER Q.N3a.)

	Q.N2 YES	Q.N3a MAIN ACCOUNT
COMMERCIAL BANK	[ ]28-1	[ ]33-1
SAVINGS AND LOAN ASSOCIATION	[ ]29-1	[ ] -2
MUTUAL SAVINGS BANK	[ ]30-1	[ ] -3
CREDIT UNION	[ ]31-1	[ ] -4
OTHER (SPECIFY)	[ ]32-1	[ ] -7

____

TAKE BACK CARD W

N3b. How many savings accounts do you and your family living here have? # ACCOUNTS ______(34-35) DON'T KNOW [ ]

HAND RESPONDENT CARD X

N4. Counting all accounts, what is the total amount you and your family have in savings? Just tell me the letter on the card. __________(36-37) DON'T KNOW [ ]

BEST AV

SKIP Q.N5

N6. Do you or any family members living here have any checking accounts? (IN WISCONSIN: OR SHARE DRAFT ACCOUNTS)	YES [ ]38-1 ASK Q.N7 NO [ ] -5 SKIP TO Q.N9

IF "YES" IN Q.N6, ASK

N7. How many checking accounts in total do you or other family members living here have?	# ACCOUNTS ________(39-40) DON'T KNOW [ ]
N8. Counting all checking accounts, approximately what is the total amount you and your family have in these accounts? Just give me the letter on this card.	____________(41-42) DON'T KNOW [ ]

TAKE BACK CARD X

IF ANY CHECKING OR SAVINGS IN Q.N2 OR Q.N6, HAND RESPONDENT CARD Y AND ASK:

N9. Now, looking at this card, please tell me how important each of these factors was in determining where you have your main (checking account/savings account). Give me the number on the bottom of the card that indicates how important each factor was.

	RATINGS	
FACTORS	CHECKING ACCOUNT	SAVINGS ACCOUNT
A. CONVENIENCE OF LOCATION	________(43)	________(55)
B. RATE PAID ON SAVINGS ACCOUNT	________(44)	________(56)
C. FREE CHECKING (OR LOWEST CHARGES)	________(45)	________(57)
D. OTHER BANK SERVICES (TRUST, SAFE DEPOSIT, OTHER ACCOUNT, ETC.)	________(46)	________(58)
E. FIRST BANK I WENT TO	________(47)	________(59)
F. GIFTS AND PRIZES	________(48)	________(60)
G. ADVERTISING	________(49)	________(61)
H. HAVE (HAD) A LOAN THERE	________(50)	________(62)
I. PEOPLE AT THE BANK	________(51)	________(63)
J. ELECTRONIC (24 HOUR) BANKING	________(52)	________(64)
K. CREDIT CARD THERE	________(53)	________(65)
L. MORTGAGE THERE	________(54)	________(66)

TAKE BACK CARD Y

ILABLE COPY

HAND RESPONDENT CARDS Z AND X

N10. Do you or any member of your family living here have any of the assets listed on Card Z? Please give me as many as apply. (RECORD BELOW UNDER Q.N10)

FOR EACH "YES" IN Q.N10, ASK:

N11. Looking again at this card, please tell me the approximate value of each of these assets. Just give me the letter from Card X. (RECORD BELOW UNDER Q.N11)

5-7 25-Y

		Q.N10		Q.N11
		YES	NO	APPROXIMATE VALUE
A.	U.S. GOVERNMENT SAVINGS BONDS	[ ]67-1	[ ]-5	_______ (8-9)
B.	OTHER FEDERAL GOVERNMENT BONDS -- NOT INCLUDING SAVINGS BONDS	[ ]68-1	[ ]-5	_______(10-11)
C.	STATE OR MUNICIPAL BONDS	[ ]69-1	[ ]-5	_______(12-13)
D.	CORPORATE BONDS	[ ]70-1	[ ]-5	_______(14-15)
E.	COMMON OR PREFERRED STOCK IN A CORPORATION, INCLUDING COMPANIES YOU HAVE WORKED FOR	[ ]71-1	[ ]-5	_______(16-17)
F.	ANY SHARE IN MUTUAL FUNDS	[ ]72-1	[ ]-5	_______(18-19)
G.	STOCK THROUGH AN INVESTMENT CLUB	[ ]73-1	[ ]-5	_______(20-21)
H.	CERTIFICATES OF DEPOSIT OR SAVINGS CERTIFICATES	[ ]74-1	[ ]-5	_______(22-23)

TAKE BACK CARD Z

N12. Do you or any family member living here own any real estate (other than this home) such as a lot, summer home, apartment building or business property?	YES [ ]24-1 ASK Q.N13 NO [ ] -5 SKIP TO Q.N14

IF "YES" IN Q.N12, ASK:

N13. Looking at this card, please tell me the approximate value of this property. Again, just give me the letter that best applies.	__________(25-26) DON'T KNOW [ ]

BEST AVAILABLE

N14. Are you or any member of your family living here a member of a credit union?

YES [ ]27-1
NO [ ] -5

N15a. Excluding credit insurance, do you or others in your family have any life insurance which you purchased yourself or which your employer provides as part of employment benefits?

YES [ ]28-1 ASK Q.N15b
NO [ ] -5 SKIP TO Q.N19

IF "YES" IN Q.N15a, ASK:

N15b. Was this insurance... (READ LIST)

Purchased by family only [ ]29-1 ASK Q.N16
Both purchased by family and thru employer [ ] -2
Thru employer only [ ] -3
Gift only [ ] -4 SKIP TO Q.N17

IF PURCHASED BY FAMILY, BOTH OR EMPLOYER ONLY, ASK:

N16. About how much did you(r) (entire family) put into life insurance premiums in 1978? Just tell me the letter from Card X.

____________(30-31)

N17. What is the face value of those policies? Just tell me the letter from the card.

____________(32-33)

N18. Are these policies the kind which build up a cash value that you can borrow on, or are they term insurance?

CASH VALUE ONLY [ ]34-1
TERM INSURANCE ONLY [ ] -2
BOTH CASH VALUE AND TERM [ ] -3

TAKE BACK CARD X

N19. Other than credit disability insurance, do you or others in your family now carry any accident and health or disability insurance, which you purchased yourself or which your employer provides as part of employment benefits?

YES [ ]35-1
NO [ ] -5

HAND RESPONDENT CARD AA

N20. In order to understand how certain groups of people use credit, we need to know the income of all of the people we interview. Looking at this card, please give me the letter that best applies to the 1978 letter of the head of the household from (his/her) job, before taxes and other deductions.

__________(36-37)
DON'T KNOW [ ]

TAKE BACK CARD AA

HAND RESPONDENT CARD BB

N21. What about other income? Do you or members of your family living here receive income from any of the sources on this card? From any others?

A. SPOUSE EMPLOYED PART TIME [ ]38-1
B. SPOUSE EMPLOYED FULL TIME [ ]39-1
C. PENSION, SOCIAL SECURITY [ ]40-1
D. INCOME FROM INVESTMENTS, SAVINGS [ ]41-1
E. INCOME FROM RENTAL PROPERTY [ ]42-1
F. SECOND JOB OF CHIEF WAGE EARNER [ ]43-1
G. ALIMONY, CHILD SUPPORT, ETC. [ ]44-1
H. GOVERNMENT SUPPORT PAYMENTS [ ]45-1
I. OTHER (SPECIFY) [ ]46-1

____

NO OTHER INCOME [ ]

TAKE BACK CARD BB

COPY

HAND RESPONDENT CARD CC

N22. Looking at this Card, please tell me the letter that best applies to your 1978 total family income before taxes and other deductions. This amount would be for all family members and should include all wages, salaries, dividends, interest, tips, etc.

__________(47-48)

DON'T KNOW [ ]

TAKE BACK CARD CC

N23. Was your family's total income a lot higher in 1978 than it was in 1977, a little higher, about the same, a little lower or a lot lower?

A LOT HIGHER	[ ]49-1	ASK Q.N24
A LITTLE HIGHER	[ ] -2	
ABOUT THE SAME	[ ] -3	SKIP TO Q.N25
A LITTLE LOWER	[ ] -4	ASK Q.N24
A LOT LOWER	[ ] -5	
DON'T KNOW	[ ] -8	SKIP TO Q.N25

IF "HIGHER" OR "LOWER" IN Q.N23, ASK:

N24. What are the main reasons why it was (higher/lower)?

50-

____51-

____52-

____53-

N25. How do you think your total family income for this year, 1979, will compare with last year, 1978 — will it be a lot higher, a little higher, about the same, a little lower or a lot lower?

A LOT HIGHER	[ ]54-1	ASK Q.N26
A LITTLE HIGHER	[ ] -2	
ABOUT THE SAME	[ ] -3	SKIP TO Q.N27
A LITTLE LOWER	[ ] -4	ASK Q.N26
A LOT LOWER	[ ] -5	
DON'T KNOW	[ ] -8	SKIP TO Q.N27

IF "HIGHER" OR "LOWER" IN Q.N25, ASK:

N26. What are the main reasons why that will happen?

55-

____56-

____57-

____58-

N27. Do you have a telephone in your home?

YES [ ]59-1

NO [ ] -5

N28. This completes our interview. Do you have any comments you would like to make about this interview?

____

____

____

X. INTERVIEWER RATING FORM

INTERVIEWER: PLEASE RECORD ANSWERS TO THE FOLLOWING QUESTIONS BEFORE GOING ON TO NEXT INTERVIEW.

X1. RESPONDENT'S SEX

MALE [ ]60-1
FEMALE [ ] -2

X2. RESPONDENT'S RACE:

WHITE [ ]61-1
BLACK [ ] -2
HISPANIC [ ] -3
ORIENTAL [ ] -4
AMERICAN INDIAN [ ] -5
OTHER (SPECIFY) [ ] -7

____

X3. Describe the structure in which respondent's dwelling unit is located. (CHECK ONLY ONE)

	(62-63)
1. TRAILER	[ ] 01
2. DETACHED SINGLE FAMILY HOUSE	[ ] 02
3. 2-FAMILY STRUCTURE -- ONE UNIT BESIDE THE OTHER	[ ] 03
4. 2-FAMILY STRUCTURE -- ONE UNIT ABOVE THE OTHER	[ ] 04
5. DETACHED 3-4 FAMILY STRUCTURE	[ ] 06
6. ROW (OR TOWN) HOUSE (3 OR MORE UNITS IN AN ATTACHED ROW, EACH WITH ITS OWN OUTSIDE ENTRANCE)	[ ] 09
7. APARTMENT HOUSE/CONDOMINIUMS (LESS THAN 15 UNITS)	[ ] 10
8. APARTMENT HOUSE/CONDOMINIUMS (15 OR MORE UNITS)	[ ] 11
9. PART OF LARGE DEVELOPMENT CONSISTING OF SEVERAL APARTMENT HOUSES UNDER ONE MANAGEMENT	[ ] 12
10. APARTMENT IN A PARTLY COMMERCIAL STRUCTURE	[ ] 13

X4. Respondent's understanding of the questions was...

EXCELLENT [ ]64-1
GOOD [ ] -2
FAIR [ ] -3
POOR [ ] -4

X5. Respondent was...

VERY ARTICULATE [ ]65-1
SOMEWHAT ARTICULATE [ ] -2
AVERAGE [ ] -3
SOMEWHAT INARTICULATE [ ] -4
VERY INARTICULATE [ ] -5

X6. Was respondent suspicious about the study BEFORE the interview?

YES [ ]66-1
SOMEWHAT [ ] -2
NO [ ] -5

X7. And how about AFTER the interview?

YES [ ]67-1
SOMEWHAT [ ] -2
NO [ ] -5

X8. Overall, how interested did the respondent seem in the interview?

VERY INTERESTED [ ]68-1
SOMEWHAT INTERESTED [ ] -2
AVERAGE [ ] -3
SOMEWHAT DISINTERESTED [ ] -4
VERY DISINTERESTED [ ] -5

X9. Did respondent rush his/her responses to get the interview over with quickly?

YES [ ]69-1
NO [ ] -5

X10. Was any other person present during the interview?

YES [ ]70-1 RELATIONSHIP TO RESPONDENT
71-
______________72-
NO [ ] -5

X11. Did respondent refer to documents to respond to any questions?

FREQUENTLY [ ]73-1
SOMETIMES [ ] -2
RARELY [ ] -3
NEVER [ ] -5

CARD A

A. TO COVER EXPENSES OF A VACATION TRIP

B. TO COVER LIVING EXPENSES WHEN INCOME IS CUT

C. TO CONSOLIDATE BILLS WHICH HAVE PILED UP

D. TO FINANCE THE PURCHASE OF A FUR COAT OR JEWELRY

E. TO FINANCE BOATS, SNOWMOBILES AND OTHER HOBBY ITEMS

F. TO FINANCE THE PURCHASE OF A CAR

G. TO COVER EXPENSES CAUSED BY ILLNESS

H. TO FINANCE EDUCATIONAL EXPENSES

I. TO FINANCE THE PURCHASE OF FURNITURE

CARD B

A. THEY USUALLY TREAT THEIR CUSTOMERS FAIRLY

B. IT WOULD BE A GOOD THING FOR CONSUMERS IF THEY WERE NOT AROUND

C. MOST PEOPLE ARE SATISFIED IN THEIR DEALINGS WITH THEM

D. THEY PROVIDE A USEFUL SERVICE TO CONSUMERS

E. THEY TRY TO TAKE ADVANTAGE OF THOSE WHO BORROW FROM THEM

STRONGLY AGREE	AGREE SOMEWHAT	DISAGREE SOMEWHAT	STRONGLY DISAGREE
1	2	3	4

A&S

PROJECT #4929

CARD C

A. HOW MUCH TIME YOU HAVE TO PAY OFF THE LOAN

B. HOW FAST YOU CAN GET THE LOAN; AMOUNT OF PAPERWORK OR TIME

C. AMOUNT FINANCED (AMOUNT OF CREDIT YOU RECEIVE)

D. FINANCE CHARGE (THE DOLLAR AMOUNT THE LOAN WILL COST)

E. WHAT THE MONTHLY PAYMENT IS

F. ANNUAL PERCENTAGE RATE OF INTEREST

G. PENALTY FOR LATE PAYMENT

H. SECURITY OR COLLATERAL REQUIRED FOR LOAN

I. HOW COMFORTABLE YOU FEEL BORROWING THERE

J. METHODS THE LENDER CAN USE TO COLLECT OVERDUE DEBTS

CARD D

STORE OR DEALER

BANK

FINANCE OR LOAN COMPANY

CREDIT UNION

EMPLOYER

PEOPLE AT WORK

FRIENDS OR RELATIVES

OTHER (SPECIFY)

CARD E

STORES OR DEALERS

BANKS

FINANCE OR LOAN COMPANIES

CREDIT UNIONS

OTHER SOURCE (SPECIFY)

CARD F

A. BANK CREDIT CARDS (MASTER CHARGE, BANKAMERICARD/VISA, ETC.)

B. STORE CREDIT CARDS

C. GASOLINE COMPANY CREDIT CARDS

D. GENERAL PURPOSE CREDIT CARDS FOR WHICH YOU PAY A YEARLY FEE (AMERICAN EXPRESS, CARTE BLANCHE, ETC.)

E. OTHER TYPE CREDIT CARDS (AIRLINE, CAR RENTAL, ETC.)

CARD G

A. ALWAYS PAY THE FULL AMOUNT OWED ON ALL ACCOUNTS

B. SOMETIMES PAY THE FULL AMOUNT OWED

C. ALWAYS PAY CERTAIN ACCOUNTS IN FULL BUT NOT OTHERS

D. HARDLY EVER PAY THE FULL AMOUNT OWED

CARD H

A. CURRENTLY EMPLOYED

B. ON STRIKE

C. ON SICK LEAVE

D. STUDENT WORKING FULL OR PART-TIME

E. STUDENT NOT WORKING

F. RETIRED NOT WORKING

G. RETIRED BUT WORKING SOME

H. TEMPORARILY LAID-OFF

I. TEMPORARILY DISABLED

J. UNEMPLOYED

K. PERMANENTLY DISABLED

L. HOUSEWIFE - NO WORK FOR PAY

M. OTHER (SPECIFY)

CARD I

MARRIED

LIVING AS MARRIED

SINGLE-NEVER MARRIED

SEPARATED

DIVORCED

WIDOWED

CARD J

00

01

02

03

04

05

06

07

08

09

10

11

12

13

14

COLLEGE 15

16

17+

CARD K

BANK

SAVINGS & LOAN

INSURANCE COMPANY

CREDIT UNION

FINANCE COMPANY

MORTGAGE COMPANY

AN INDIVIDUAL

OTHER (SPECIFY)

CARD L

A. HOME IMPROVEMENTS
- REPAIRS
- ADDITIONS
- IMPROVEMENTS
- BUILT-IN KITCHEN APPLIANCES
- MAJOR PAINTING JOBS
- MAJOR DECORATING JOBS
- HEATING STOVE
- ANY OTHER HOME IMPROVEMENTS (SPECIFY)

B. DURABLES
- FURNITURE
- COLOR TV
- BLACK & WHITE TV
- REFRIGERATOR
- FREEZER
- COOKING STOVE (NOT BUILT IN)
- MICROWAVE OVEN
- WASHER
- DRYER
- DISH WASHER
- TRASH COMPACTOR
- AIR CONDITIONER
- OTHER MAJOR HOUSEHOLD DURABLES (SPECIFY)

C. RECREATION & HOBBY ITEMS
- CAMPING EQUIPMENT
- VACATION TRAILER
- STEREO EQUIPMENT
- PHOTOGRAPHIC EQUIPMENT OVER $100
- MUSICAL INSTRUMENT
- BOAT
- SNOWMOBILE
- MAJOR SPORTS EQUIPMENT
- VIDEOTAPE RECORDER
- BICYCLE OVER $100
- OTHER MAJOR RECREATION & HOBBY ITEMS (SPECIFY)

CARD M

BANK

DEALER/STORE/CONTRACTOR

FINANCE OR LOAN COMPANY

CREDIT UNION

EMPLOYER

PEOPLE AT WORK

FRIENDS OR RELATIVES

OTHER (SPECIFY)

CARD N

STORE

BANK

FINANCE OR LOAN COMPANY

CREDIT UNION

EMPLOYER

PEOPLE AT WORK

FRIEND OR RELATIVE

DOCTOR/HOSPITAL

OTHER (SPECIFY)

CARD P

AN INSURANCE COMPANY

STORE/DEALER/CONTRACTOR

BANK

FINANCE OR LOAN COMPANY

CREDIT UNION

EMPLOYER

PEOPLE AT WORK

FRIEND OR RELATIVE

DOCTOR/HOSPITAL

OTHER (SPECIFY)

CARD Q

STORES OR DEALERS

BANKS

FINANCE OR LOAN COMPANIES

CREDIT UNIONS

CARD R

CREDIT LIFE INSURANCE

CREDIT ACCIDENT AND HEALTH

CREDIT PROPERTY INSURANCE

OTHER (SPECIFY)

CARD S

1. INSURANCE NEVER MENTIONED
2. INSURANCE MENTIONED BUT NOT RECOMMENDED
3. INSURANCE RECOMMENDED
4. INSURANCE STRONGLY RECOMMENDED
5. INSURANCE REQUIRED
6. INSURANCE AUTOMATIC OR FREE
7. OTHER (SPECIFY)

CARD T

A. WHEN I'M NOTIFIED OR LEARN MY FRIEND IS NOT PAYING, I AM REQUIRED TO ASK HIM TO PAY

B. IF HE CAN PAY BUT WON'T, I AM REQUIRED TO MAKE THE REST OF HIS PAYMENTS

C. IF HE CAN'T PAY BECAUSE OF ILLNESS OR AN ACCIDENT, I AM REQUIRED TO MAKE THE REST OF HIS PAYMENTS

D. IF I PAY THE BALANCE OWED, I CAN SUE MY FRIEND FOR THE AMOUNT I PAID THE CREDITOR FOR HIM

CARD U

A. CHARGE AN EXTRA FEE IF PAYMENTS ARE LATE BY 30 DAYS OR MORE

B. RENEGOTIATE THE LOAN WITH LOWER MONTHLY PAYMENTS, BUT AT A HIGHER INTEREST RATE

C. CALL THE CONSUMER AT REGULAR INTERVALS TO REMIND HIM THAT THE DEBT MUST BE PAID

D. CONTACT THE CONSUMER'S EMPLOYER ABOUT THE DEBT OWED

E. TAKE BACK THE ITEM PURCHASED ON CREDIT

F. TAKE BACK AND SELL THE ITEM PURCHASED, THEN SUE FOR ANY AMOUNT OWED BUT NOT COVERED BY THE SALE

G. IF NO PARTICULAR ITEM WAS PURCHASED WITH THE LOAN, TAKE HOUSEHOLD GOODS AND SELL THEM TO PAY OFF THE DEBT

H. ASK AN EMPLOYER TO TAKE PART OF THE CONSUMER'S WAGES TO PAY OFF THE DEBT

I. LEGALLY FORCE THE CONSUMER TO PAY THE CREDITOR'S LEGAL FEES IF THE CREDITOR HAS TO SUE

J. LEGALLY FORCE THE CONSUMER TO USE MONEY IN SAVINGS ACCOUNTS TO PAY OFF THE DEBTS

CARD V

A. TELEVISION SET

B. STEREO

C. COOKING STOVE

D. MICROWAVE OVEN

E. REFRIGERATOR

F. FREEZER

G. ROOM AIR CONDITIONER

H. SEWING MACHINE

I. WASHING MACHINE

J. DRYER

K. DISHWASHER

L. TRASH COMPACTOR

M. BOAT, SNOWMOBILE, GARDEN TRACTOR, ETC.

N. RECREATIONAL VEHICLE

O. GARAGE DOOR OPENER

CARD W

COMMERCIAL BANK

SAVINGS AND LOAN ASSOCIATION

MUTUAL SAVINGS BANK

CREDIT UNION

OTHER (SPECIFY)

CARD X

A. LESS THAN $50
B. $50 - $99
C. $100 - $249
D. $250 - $499
E. $500 - $999
F. $1,000 - $1,999
G. $2,000 - $3,999
H. $4,000 - $4,999
I. $5,000 - $7,499
J. $7,500 - $9,999
K. $10,000 - $12,499
L. $12,500 - $14,999
M. $15,000 - $19,999
N. $20,000 - $24,999
O. $25,000 - $29,999
P. $30,000 - $49,999
Q. $50,000 - $74,999
S. $75,000 - $99,999
T. $100,000 - $199,999
U. $200,000 AND OVER

CARD Y

A. CONVENIENCE OF LOCATION

B. RATE PAID ON SAVINGS ACCOUNT

C. FREE CHECKING (OR LOWEST CHARGES)

D. OTHER BANK SERVICES (TRUST, SAFE DEPOSIT, OTHER ACCOUNT, ETC.)

E. FIRST BANK I WENT TO

F. GIFTS AND PRIZES

G. ADVERTISING

H. HAVE (HAD) A LOAN THERE

I. PEOPLE AT THE BANK

J. ELECTRONIC (24 HOUR) BANKING

K. CREDIT CARD THERE

L. MORTGAGE THERE

VERY IMPORTANT	SOMEWHAT IMPORTANT	LITTLE IMPORTANCE
1	2	3

CARD Z

A. U.S. GOVERNMENT BONDS

B. OTHER FEDERAL GOVERNMENT BONDS - NOT INCLUDING SAVINGS BONDS

C. STATE OR MUNICIPAL BONDS

D. CORPORATE BONDS

E. COMMON OR PREFERRED STOCK IN A CORPORATION, INCLUDING COMPANIES YOU HAVE WORKED FOR

F. ANY SHARE IN MUTUAL FUNDS

G. STOCK THROUGH AN INVESTMENT CLUB

H. CERTIFICATES OF DEPOSIT OR SAVINGS CERTIFICATES

CARD AA

X. DIDN'T WORK IN 1977
A. UNDER $2,000
B. $2,000 - $2,999
C. $3,000 - $3,999
D. $4,000 - $4,999
E. $5,000 - $5,999
F. $6,000 - $7,499
G. $7,500 - $8,999
H. $9,000 - $9,999
J. $10,000 - $10,999
K. $11,000 - $12,499
M. $12,500 - $14,999
N. $15,000 - $17,499
P. $17,500 - $19,999
Q. $20,000 - $22,499
S. $22,500 - $24,999
T. $25,000 - $29,999
U. $30,000 - $34,999
V. $35,000 - $49,999
W. $50,000 AND OVER

CARD BB

A. SPOUSE EMPLOYED PART TIME

B. SPOUSE EMPLOYED FULL TIME

C. PENSION/SOCIAL SECURITY

D. INCOME FROM INVESTMENTS/SAVINGS

E. INCOME FROM RENTAL PROPERTY

F. SECOND JOB OF CHIEF WAGE EARNER

G. ALIMONY, CHILD SUPPORT, ETC.

H. GOVERNMENT SUPPORT PAYMENTS

I. OTHER (SPECIFY)

CARD CC

A. UNDER $2,000
B. $2,000 - $2,999
C. $3,000 - $3,999
D. $4,000 - $4,999
E. $5,000 - $5,999
F. $6,000 - $7,499
G. $7,500 - $8,999
H. $9,000 - $9,999
J. $10,000 - $10,999
K. $11,000 - $12,499
M. $12,500 - $14,999
N. $15,000 - $17,499
P. $17,500 - $19,999
Q. $20,000 - $22,499
S. $22,500 - $24,999
T. $25,000 - $29,999
U. $30,000 - $34,999
V. $35,000 - $49,999
W. $50,000 AND OVER

APPENDIX B

DATA ON LOAN RATES & CREDITOR'S REMEDIES FOR SELECTED STATES

	AR	IL	LA	WI
I. Remedies				
1. Fees clauses allowed	Yes	Yes		Yes
2. Conf. judgment allowed		Yes	No for small loans and after maturity	No
3. Blanket security	Yes	Yes	Requires notarized list of security	Restricted
4. Waiver of exemption	Yes	Yes	Yes	Yes
5. Repossession	Yes, UCC	Yes, UCC	No self-help	Judicial
6. Deficiency judgment	Yes, under UCC	Limited election	No UCC	Limited election
7. Garnishment (exemptions)	$200/person $500 HH head $25/week	$65/$50 week or 85% or Federal	$70 or prohibited	75% or 40 x min. wage + $15/dependent
8. Wage assignments	Yes but restricted	Restricted	Yes but restricted	Restricted
9. Late charges	No provision	5% or $10	Deemed interest must be less than max. rate 3% or $5	3% or $3
10. Collection charges	No provision	Attorney's & court fees	Attorney's fees up to 25% of balance due	Severely limit No attorney's fees
II. Rate Ceilings				
1. Retail revolving: rates and point where lower rate is effective	10%	1.8% monthly, 70¢ min. bank 1.5% monthly	1.5% A.D.B., monthly 50¢ min.	1.5%, 1% above $500
2. $3,600 3 yr. new auto loan	10%	14.55	15.00	12.83
3. $1,000 1 yr. small loan	10%	25.67% small loan or 18.57%, CI Loan Act refin. charge	35.45%	18.52% DLA or 16.31% WCA
III. Bank Branching	limited	prohibited	limited	limited; previously prohibited

TECHNICAL APPENDIX

APPENDIX C

I. PURPOSE

This study was conducted by Audits & Surveys, Inc. for the Credit Research Center (CRC) at Purdue University. The central objective was to test the effects on consumers of government regulations limiting rates of finance charges and collection remedies in consumer and mortgage credit. The study was designed to gather data from consumers in four areas of the country which differed with respect to state regulations governing rate ceilings and collection remedies.

II. SAMPLING

a. Universe

The universe for this study consisted of all year-round housing units within the areas shown in Table 1.

TABLE 1

AREAS IN CONSUMER CREDIT STUDY

AREAS	
CRC DESIGNATIONS	POLITICAL JURISDICTIONS
Kenosha/Racine	Kenosha and Racine Counties, Wisconsi
North Chicago/ Waukegan	Cities of North Chicago and Waukegan, Illinois
Lake Charles	Calcasieu Parish, Louisiana
Little Rock/ North Little Rock	Pulaski and Saline Counties, Arkansas

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b. Sampling Frame

The sampling frame in each CRC area was derived from the "Census Tract" and "Block Statistics" publications from the 1970 Decennial Census which listed the total number of year-round housing units within subareas.

Census tracts typically contain two principal types of subareas - urbanized and non-urbanized sections. This distinction led to the development of two sampling frames in three of the four areas of the study:

1 - The total number of housing units on every block within the urbanized or densely populated section of each census tract. The block counts of housing units are reported in a special U.S. Census Bureau block statistics publication for the SMSA.

2 - The total number of housing units in each sparsely settled census tract or portions of census tracts for which block statistics were unavailable. In these instances, the following method was employed to establish a frame. Each census tract was mapped onto a more detailed road map of the area. When the census tract contained a built up area, land segments analogous to city blocks were designated directly on the map. When the census tract contained an open-country area, a state highway map was employed to define the segments. All such segments

then served as a frame from which the sample was subsequently drawn. The number of housing units in each segment was estimated from 1970 enumeration district data.

This two-frame procedure was not required within the entirely urbanized city limits of North Chicago and Waukegan. The number of housing units in the four sampling frames are shown in Table 2.

TABLE 2

SAMPLING FRAMES FOR AREAS BY URBANIZED AND NON-URBANIZED SECTIONS

	NUMBER OF HOUSING UNITS		
AREA	TOTAL IN ALL CENSUS TRACTS	IN BLOCKS IN URBANIZED SECTIONS	IN SEGMENTS IN NON- URBANIZED SECTIONS
Kenosha/Racine	89,133	66,426	22,707
North Chicago/Waukegan	28,208	28,208	0
Lake Charles	45,461	35,590	9,871
Little Rock/North Little Rock	109,630	87,822	21,808
	272,432	218,046	54,386

c. Selection of Sampling Locations

Sampling locations, which consisted of blocks in urbanized sections and segments in non-urbanized sections, were selected through a multi-stage process:

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1. In each area, a list of all census tracts was drawn up showing the 1970 count of housing units for each tract. A sample of tracts was then drawn in proportion to the number of year-round housing units.

2. Next, a list of all blocks in the sampled census tracts of each area was drawn up showing the housing unit count for each block. A sample of blocks - sampling locations - was then drawn in proportion to the number of year-round housing units. The same procedure was carried out in the selection of segments - sampling locations in non-urbanized sections. The measures of size for the segments were obtained from enumeration district statistics.

d. Pre-listing of Households

The sampling stages outlined above were preliminary to the final sampling stage - the selection of the housing units to be approached for an interview. To prepare for this ultimate step, a total listing of housing units was undertaken.

Maps of the selected blocks and segments were drawn and sent to the field for pre-listing. Every housing unit on every street/road encompassed within each map was listed by the interviewer. The address, apartment and/or floor number and description of each dwelling were noted. The numbers of units listed are shown in Table 3.

TABLE 3

SAMPLING LOCATIONS AND PRELISTED HOUSEHOLDS IN EACH AREA

AREA	NUMBER SAMPLING LOCATIONS	 PRELISTED HOUSING UNITS
Kenosha/Racine	200	16,996
North Chicago/Waukegan	200	5,637
Lake Charles	150	5,887
Little Rock/North Little Rock	150	11,935
Total	700	40,455

At the same time, interviewers completed a location description form which indicated the type of neighborhood, the racial mix and the actual number of housing units in each sampling location-block or segment. This form also showed the number of housing units in the location expected on the basis of the 1970 census. When there was a difference of 10 housing units or more between the actual and the expected numbers, the interviewers were required to explain the difference. In the case of a large difference, the supervisor was called upon to validate or correct the interviewer's work.

e. Selection of Households

The maps and prelisting sheets were returned to the Audits & Surveys' Sampling Department for selection of the actual housing units to be approached for interview. The total number of housing units selected for interview contact was determined by assuming a 75%

completion rate and a 10% vacancy rate. Thus, to complete 1,000 interviews, it was determined to select 1,481 housing units. (See Table 4).

TABLE 4

HOUSEHOLDS NEEDED TO OBTAIN DESIRED INTERVIEWS IN EACH AREA

	NUMBER OF HOUSING UNITS	
AREA	SELECTED FOR INTERVIEW CONTACT*	DESIRED INTERVIEWS
Kenosha/Racine	1,481	1,000
North Chicago/Waukegan	1,481	1,000
Lake Charles	1,111	750
Little Rock/North Little Rock	1,111	750
Total	5,184	3,500

*Assumes a 75% completion rate and 10% vacancy rate

In order to calculate the number of required housing units in each sampling location, it was necessary to correct for housing changes between 1970 and 1979. This was accomplished in the following manner in each area. The number of actual (1979) units was divided by the number of expected (1970) units in each location to yield the ratio of actual to expected units. These ratios were then summed for the area and divided into the total number of housing units to be contacted in that area. The quotient - the mean number of housing units per location - was then divided into the expected number of units in each location to generate the specific number of needed units.

The resultant number of required units served as the constant interval in each sampling location. A "start" number less than the value of the interval was selected from a table of random numbers. This was the first housing unit in the location to be approached. The required number was then added to the first housing unit to yield the location of the second unit to be contacted. This procedure was continued until the last required unit was reached. Each housing unit to be approached was marked with an "X" on the prelisting sheet(s) for the location.

The method for selecting housing units is illustrated in Table 5 on the next page.

TABLE 5

ILLUSTRATION OF HOUSING UNIT SELECTION PROCEDURE

LOCATION NO.	(1) 1970 EXPECTED	(2) 1979 ACTUAL	DIFF.	(3) ACTUAL / EXPECTED	(4) EXP. / 7.043	(5) RANDOM START FOR THE LOCATION
343-50-01	18	16	-2	.889	2.556	1.685
343-50-02	18	12	-6	.667	2.556	1.707
343-50-03	38	35	-3	.921	5.395	1.604
/	/	/	/	/	/	/
/	/	/	/	/	/	/
/	/	/	/	/	/	/
343-02-00	312	322	+10	1.032	44.299	2.236
				Total 210.279		

Illustration of the Computations for Housing Unit Selection:

$$\frac{\text{No. of HU's Needed}}{\text{Total Column 3}} = \frac{1481}{210.279} = 7.043$$ Over-all Selection Rate

Illustration of the Computations for a Particular Location:

Location No: 343-50-01 $\frac{\text{Exp:18}}{7.043} = 2.556$ Interval for Selection of Housing Units In Location

Selection of Housing Unit:

Random Start	1.685	1
Interval	2.556	
	4.241	4
Interval	2.556	
	6.797	6
Interval	2.556	
	9.353	9
Interval	2.556	
	11.909	11
Interval	2.556	
	14.465	14

When the map and prelisting sheets were returned to the field, the interviewers were instructed to obtain completed interviews at each housing unit marked with an "X" and at the housing unit immediately following the "X" only if it had not been pre-listed. The latter procedure, known as a "half open interval," was designed to control for housing changes between the pre-listing operation and the interviewing time. Interviewers were not allowed to mark an "X" on the pre-listing sheets themselves. Each location had a minimum assignment, but no maximum assignment.

III. FIELD EXECUTION

a. Method

A pretest of 30 interviews was conducted in October, 1978 in the Kenosha/Racine area. Several modifications were introduced into the questionnaire as a result of this effort.

When the formal survey began in January, 1979, briefing sessions were held in each area. Each interviewer then completed one or two full scale interviews which were thoroughly reviewed at a debriefing session held later the same day or early the next day. In addition to formal briefing and debriefing sessions, interviewers were equipped with detailed written instructions. In several areas, further briefings and debriefings were required due to delays imposed by inclement weather and/or interviewer attrition.

All interviews were personally conducted by Audits & Surveys' interviewing staff in the homes of the selected respondents. In order to minimize any "not at home" bias, up to five attempts (4 callbacks) were made to contact the selected respondent. Approximately 25% of each interviewer's work was validated; 10% by the field supervisor and 15% by Audits & Surveys' staff from our centralized telephone facility in New York City.

b. Screening Procedure

Originally, a qualified respondent was that adult in each selected houshold who was determined to be the major wage earner. In the case of a household consisting of two or more unrelated adults, e.g., roommates or friends, each adult was eligible for a separate interview. When one-half of the assignment in each area had been completed, the qualifications were expanded to include a knowledgeable spouse; that is, a spouse who was familiar with the household's financial situation.

An interview with the knowledgeable spouse was accepted only after the chief wage earner refused or was not available for the interview.

c. Disposition

A total of 3,571 interviews were conducted between January 6, 1979 and June 12, 1979.

Several developments affecting disposition took place during the course of the field work:

1. As noted above, field work began in early January. Severely inclement weather was encountered in both regions in which the study was conducted:

   - North: Heavy snows
   - South: Heavy rains and flooding.

   - As a result, travel was hazardous and highways were frequently impassable. These weather conditions led to:

     - Delay in the completion of field work
     - Attrition of interview staff
     - Re-recruitment and rebriefing of interviewers.

2. When the study began, the qualified respondent was defined as the chief wage earner in the household. In order to increase the response rate, a financially knowledgeable spouse was accepted as the qualified respondent once 50% of the required number of interviews had been completed in each area.

3. A series of measures were instituted to aid in maximizing the completion of interviews:

   - Premiums were given to field supervisors and interviewers.

   - Premiums were also offered to respondents.

The disposition of all field visits is shown in Table 6 below.

TABLE 6

DISPOSITION OF VISITS TO HOUSING UNITS IN EACH AREA

DISPOSITION	KENOSHA/ RACINE	N.CHICAGO/ WAUKEGAN	LAKE CHARLES	LITTLE ROCK/ NO. LITTLE ROCK	ALL AREAS
Completed Interviews	1,005	1,031	759	776	3,571
Refusals	538	438	363	347	1,686
Terminations	1	3	16	2	22
Eligible Respondent Not Availabe After 4 Callbacks	220	260	105	305	890
Language Barrier	8	-	-	1	9
Vacant, Demolished, Business Location	121	60	47	107	335
Total Housing Units Visited	1,893	1,792	1,290	1,538	6,513

The overall response rate for the study was 68%; i.e., two-thirds of all actually contacted respondents gave interviews. Response rates for the several areas are given in Table 7.

TABLE 7

RESPONSE RATE IN EACH AREA

AREA	RESPONSE RATE
Kenosha/Racine	65%
North Chicago/Waukegan	70%
Lake Charles	68%
Little Rock/North Little Rock	69%
Total	68%

IV. PROCESSING

Processing for this study consisted of the following operations: coding and editing the questionnaire information and data preparation. The latter step involved keypunching of the coded questionnaires and transfer of the punched card data to magnetic tape. In all operations, Audits & Surveys' standard quality control procedures were used to maintain the integrity of the data.

a. Coding

The coding and editing procedures were carried out by the Audits & Surveys' Coding Department as the questionnaires were received from the field.

Quality control in the coding operation included checking of 10% of each coder's work by the Coding Director and 100% completion checking of all questionnaires.

b. Data Preparation

Data processing was performed by Market Probe International, an Audits & Surveys' affiliate specializing in survey research tabulation. Processing consisted of two different stages:

1 - Keypunching

All data from the questionnaires were transferred to punch cards. In this stage, one hundred percent of all punched columns were verified. In other words, the cards were repunched by a second person.

2 - Tape Preparation

Punched card data were transferred to magnetic tape. The specifications of the tape are as follows:

9 track
800 bpi
EBCDIC
Blocked
Mother tape

In addition, cards from the first one-fifth of processed questionnaires were delivered to CRC for program testing purposes.

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